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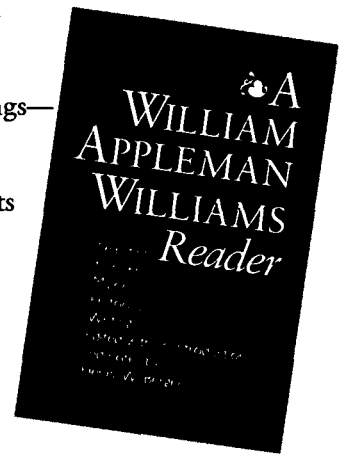

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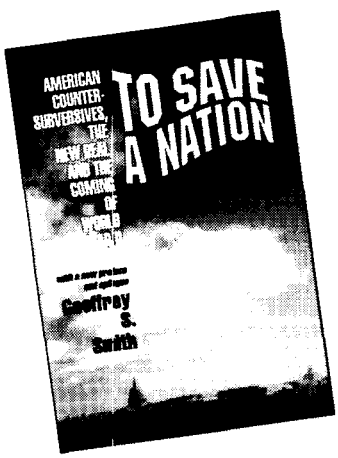

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Joanne Barkan

CLINTON AND THE LEFT

National Public Radio wrapped up its presidential campaign coverage in November with a piece on the Clinton waffle, that is, the candidate's habit of slipping from side to side on disputed issues. Listeners heard journalist Sam Donaldson ask Clinton if he supported federal legislation to prohibit right-to-work laws at the state level. "I support the existing law," Clinton replied, "but if Congress sends me new legislation, I'll sign it." Said Donaldson, "That's not what I asked. Do you support such legislation?" Said Clinton, "I'll sign it." Donaldson: "I asked if you support it!" "I'll sign it!" "Do you support it?!" And so on.

When the report ended, I speculated on how most leftists would have reacted to it. They'd have said, I believe, what they were saying during the entire presidential campaign: Bill Clinton is not a liberal, and he's no friend of labor's. There's certainly truth in this declaration, but it's a partial and, more important, a superficial truth. The more relevant conclusion to draw from the interview clip is that we now have a president who will sign labor law reforms. Whether or not that legislation ends up on his desk depends in some measure on the labor movement and the left.

Many leftists spent the campaign season repeating the "Clinton-is-no-liberal" mantra in a tone that alternated between whiny and smug. It gave the impression that folks needed to prove their radical credentials in relation to a candidate who promised many, but not all, good things. As tiresome as the attitude became during the campaign, it will spell disaster during the Clinton presidency if it prompts people to stand back and just wait for Bill to mess up. Sooner rather than later, we should begin organizing creatively on a score of fronts that will open in the next few months. To do otherwise means throwing away the best opportunities we've had in a quarter-century.

Taking a closer look at the possibilities for the next four years, I'd say Clinton's overall rating on the liberal scale counts for much less than the following: his understanding of managed capitalism, his belief in activist government, his commitment to social unity and racial tolerance, and, finally, his willingness to sign into law campaign finance reforms.

Clinton on capitalism. According to an article in the *New York Times* (October 31, 1992) entitled "Gore and Clinton Share Language of Their Own," the running mates regularly topped off a full day of campaigning with a few hours of intense conversation in the back of their bus. What did they like to talk about most? Such things as how to create an American version of the Japanese collaboration between government, business, and universities.

Wonky? You bet, and it bodes well for us. Having a president who not only is familiar with the neocorporatist arrangements that characterize Western Europe and Japan but is frankly nuts about the subject gives us at least a shot at making a long overdue transition. In contrast, having yet another chief executive who assumes that Adam Smith (or even John Maynard Keynes) had the last best word on market economies would translate into a further drop in U.S. living standards and a rise in social strife.

Clinton on government. Pundits remark that Clinton has a naive belief in the effectiveness of government. Well, when you get right down to it, so do we. Perhaps the good government we want (organizer of top-notch, universal health care, active labor-market policies, and so on) is an unobtainable goal in the United States, but any progress we make in that direction is worthwhile. Nothing, therefore, frustrated our hopes more during the last twelve years than the conviction of most Americans that government only fouls things up.

So why underestimate the significance of having a new president whose election campaign made an explicit and successful pitch for activist government? I've heard skeptics answer that Clinton could blow the opportunity, leaving us worse off than before. This is a pretty sour response considering that Clinton created the opportunity. It's true that the combination of economic woes, bureaucratic foot-dragging, and pork-barrel politics in Congress may squelch Clinton's effort to rehabilitate government. But who could give it a better try? His long

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experience governing a *small* state will serve him well. He's watched government programs play out in communities; he has a good feel and idiosyncratic passion for the transformation of policy legislation into the stuff of real life.

Clinton on unity and racial tolerance. Early in the campaign season, sociologist William Julius Wilson understood that Clinton had adopted the most effective approach for building a multiracial coalition. Wilson wrote in the *New York Times* (March 17, 1992) that Clinton's message could succeed because it included "two important aspects: an explicit acknowledgment of the racial tension in America and the need for leadership to unite, not divide, the races; and a discussion of programs intended for all low- to moderate-income groups, not just minorities." This approach did create the winning coalition in November; over time and along with Clinton's strong commitment to racial tolerance, it might substantially improve the climate in our country.

Much of the left has long advocated universal, rather than means-tested, programs to unite Americans across class and racial lines. If we don't like the specifics of the new administration's proposals (health care looks highly botchable), it's obviously our job to try to get them changed.

Clinton on campaign finance reform. No single piece of legislation could democratize the American political system more than sweeping campaign finance reform. It would both redefine who gets to play the election game and increase the political independence of winners. Clinton has stated unequivocally that he will sign the legislation vetoed by George Bush last May. If he does, we'll have made a good start (the package contains spending limits, some public financing, and curbs on the flow of "sewer money" for "party building"). Will the president wriggle out of signing? If he signs, will he pursue further campaign reform? It's too early to say how big the fudge factor will be.

Only die-hard Republicans should refrain from wishing Bill Clinton success. But even the most immoderate optimist can't ignore two major problems. The first of these doesn't lie completely within Clinton's control; the second does.

The economy. We all know the mess we're in after twelve years of supply-side wackiness, military Keynesianism, and free-market free-for-all. Given the deficit albatross around Clinton's neck, he came up with a respectable economic program. If we get *very* lucky, the rosy scenario will play this way: consumer confidence rises; infrastructure spending puts people to work; the deficit goes up only a little; the newly employed spend and pay taxes; deficit reduction gets serious; education and job training programs start to pay off in higher productivity and growth. Will it work in time for the New Hampshire primary in 1996? If Clinton can catch and pump up an upswing in the business cycle, it *might*.

But no scenario I've seen explains convincingly how to convert military industries, employing hundreds of thousands of workers, to competitive, nonmilitary production. The political pressure to keep plants open will be tremendous. In addition, as fine as the apprenticeship and college loan programs sound, no one has demonstrated why graduates should expect to find good jobs—unless, of course, growth rates run quite high.

And then there's Bob Dole, Senate minority leader and commander-in-chief of unhappy Republicans. Sounding like Dracula salivating in the bridal suite of a D.C. hotel, he announced the day after the election, "The good news is Bill Clinton gets a honeymoon in Washington. The bad news is that Bob Dole is his chaperon." Dole says he will personally see to it that Clinton does none of that taxing-and-spending or deficit raising. You can almost hear the filibusters now.

Going plaid. In *Newsweek's* special election issue, reporters describe a voter focus group organized last April by Clinton's campaign staff. One woman in the group summed up the Democratic candidate this way: "If you asked his favorite color, he'd say 'plaid.'" From then on, when Clinton fudged an answer, staff members would say, "He's gone plaid."

No one worries about an ability to compromise; it should help Clinton to work with lawmakers and build coalitions, as it has in the past. What's troubling is a compulsion to compromise—and its flip side, insufficient will to make enemies when necessary or abandon one side in a dispute. If Clinton goes plaid under lobbying pressure, he'll jeopardize a host of initiatives that he supported (or sort-of-supported) during the campaign: prochoice legislation, automobile fuel-efficiency standards, gun control beyond the Brady bill, the worker-replacement ban, and more. But perhaps he'll have more options and a more demanding progressive constituency (including us) than he did in Arkansas.

One factor in favor of resolute leadership is pride. Like all egos robust enough to complete the trip to the White House, Clinton's ego looks forward to the admiration of future generations. Surely he knows that plaid looks tacky in history books.

When the primary elections ended last June, it looked like the Democratic party had itself another

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loser as candidate. Remember the commentators predicting disaster because Clinton was bruised beyond repair, and no one liked him anyway? We'd get four more years of George Bush. All that seems like an age ago, and, in a way, it was. The Republican hold on the White House has been shaken if not broken; Reagan Democrats, suburbanites, and young people have joined with the regular Democratic base around a progressive program; a new generation is assuming leadership of the country and in the process has finally ended the war in Vietnam. It's been a long time coming. □

Irving Howe

A SECOND OPINION

I voted for Clinton, I was glad he won—if only because his victory brought to an end twelve dreary years of right-wing domination. Whatever our hopes or expectations, large or modest, regarding the near future, we know at least that the focus of political debate has been shifted considerably. In the early months of the new administration there will be annulments of some of the more vicious and stupid regulations enforced by the Bush administration. (The role of stupidity in politics has never been sufficiently studied, and if it were studied, the Bush regime would be a prime instance.)

I want in this note to take up the question of how the democratic left will respond to the new situation—by democratic left I mean not only our own small voice but the stronger voices of labor, blacks, feminists, and so on. During the Reagan and Bush years things were fairly simple. We opposed the Republican administrations in general and almost all their policies, especially on domestic affairs, in particular. Now things will be more complex. Whatever Clinton does that is liberal or even just humane, we will want to applaud. What seems insufficient or evasive or wrong, we will want to criticize. This is a formula easy to announce, difficult to act upon.

I am sure, at the least, that we will avoid the errors of the socialists in the 1930s. They adopted a stance of leftist rectitude toward the New Deal, hammering away at the platitude that it was not socialism (which no one had claimed it was). This noble sectarianism brought only isolation and defeat, since it ignored what both the unions and the liberals understood: that especially in its second term (1936–1940) the Roosevelt administration introduced measures that constituted an embryo welfare state improving the lives of millions of people.

We may face, in the coming years, an opposite difficulty—that of becoming so caught up in the workings and rhetoric of the new administration that we will lose sight of the role the democratic left ought to play in America. I mean the role of critical opposition, sometimes friendly, sometimes sharp, in proposing ideas and programs that challenge the status quo.

The real political struggle in the United States began the day after the election. It is a struggle for access and influence within—also outside—the new administration. It is a struggle between the conservatives (including the floundering neoconservatives) who have, for obvious reasons, attached themselves to the Clinton camp and the less influential and weaker liberals and left-liberals who worked for Clinton in the election. This may come to resemble, we are told, what happened under FDR, a master at juggling conflicts of interest and opinion. Perhaps; but I see one tremendous difference. Roosevelt turned leftward in 1936 when there was a mass labor insurgency around the CIO, organizing millions of workers into a fresh and militant union movement. The very presence of the CIO, to say nothing of the pressure it could exert, helped Roosevelt tilt toward the social legislation for which he is rightly remembered. At present, nothing seems a likely equivalent. The unions have exerted a rather small influence in Clinton's campaign (except in a few midwestern states) and Clinton himself seems indifferent to unions or even the idea of unionism. In that unhappy sense, he is very much a contemporary.

That Clinton will introduce an activist administration I do not doubt. That this will bring with it a number of progressive measures is also likely. When that happens, we will cheer. But whether the Clinton administration will be bold and tough enough to deal

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with the deep-going and *systemic* problems of the American economy—which would entail not the abolition of capitalism but significant modifications along the lines some of us have labeled as neocorporatism—seems very much in question. It is also, I suspect, a question for Clinton himself, an extremely able politician but a figure whose deeper commitments seem uncertain.

The Clinton economic proposals put forward in the campaign are not likely to be adequate. They are also rather vague. We should acknowledge that some of the criticisms from the right have a point—for example, that he will probably not be able to put into effect even the relatively modest programs he advanced without raising taxes. Clinton kept stressing that he is a "new kind of Democrat"—code for saying he is not a traditional liberal. About the plight of the cities and the ghettos he said very little. Such failures, to be sure, may have been due to his shrewd strategy for winning the election, and it may be, as some people close to him have hinted, that at heart he would want to go further. Again, perhaps. But surely the kind of campaign he ran will have objective consequences. He has not won, nor did he seek, a "mandate" for radical reforms of the economy (which would entail policies within the elastic boundaries of a capitalist society; anything beyond that is not now in question).

With much relief, I was happy to see Bush go. With some expectation tempered by a touch of skepticism, I wait to see what Clinton will or can do. The best thing about the election is that we enter a time of possibility. People on the democratic left will have to be alert and informed, and critical. It will tax our capacities, but could quicken our intelligence. □

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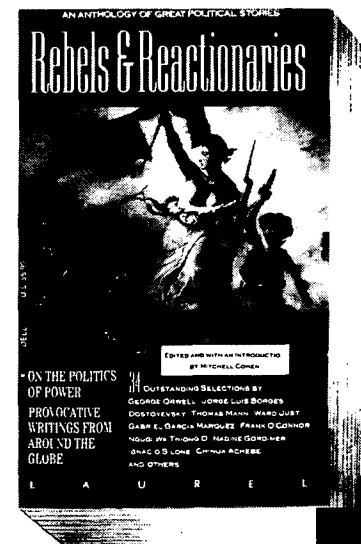
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SOMALIA: FROM PURGATORY TO HELL

In January 1991, Mogadishu, the capital of Somalia, was consumed by the bloodiest battles of a three-year civil war as government troops tried to fight off a rebel attack. By the end, the rebels had won, and most of Mogadishu lay in ruins, with about fifty thousand people reported to have died. President Mohammed Siad Barre fled Mogadishu disguised in women's clothing. Thus, after twenty-one years, ended one of Africa's longest uninterrupted military dictatorships.

For a moment many people thought the worst was over. Ali Mahdi Mohammed, a businessman associated with the United Somali Congress (USC), at that point the dominant rebel group, was named interim president. But Mahdi's presidency was stillborn when other rebel groups refused to join or recognize his government.

Almost overnight, lawlessness and banditry replaced all residual forms of government as the country was carved up among warlords. The little that remained of Mogadishu was leveled. All foreign journalists left, and the rest of the world forgot Somalia.

Beginning around June 1992, Somalia—or what was left of it—was "rediscovered." The pictures the world saw, and the stories it read, revealed a country that had fallen from purgatory into hell. Nearly two million people faced death by starvation. The International Red Cross reported that up to a hundred thousand people had already starved to death, a figured considered conservative because thousands were estimated to be dying every day.

How could a country have been left to starve to death in these times, when the European Economic Community is alleged to be dumping food in the sea to reduce surplus stocks? UN Secretary General Boutros Boutros-Ghali thought he had an answer. In June he charged that the West was more interested in the humanitarian crisis caused by the Serbian rampage in the former Yugoslavia because it was a "rich man's war" and had kissed off Somalia because it was a "poor man's war." This denunciation of Western racism found front-page notice in many Western newspapers and on prime-time television news. Embarrassed, the United States and other Western governments nearly turned the relief effort into a stampede.

But rarely has so much effort been put toward so superficial a venture. As in the past, so in the future, Somalia and other drought-prone countries will continue to be struck by famine, because the causes of starvation have not been addressed. Charges of racism, true as they might be, are often the safe refuge of moralists in both Africa and the West afraid to confront the unpleasant lessons of recent history: after the cold war, the West may not care much about *most* civil wars and famines.

Five years ago, the situation was different. Located in the Horn of Africa, Somalia was a key staging point for superpower politics in the Middle East. After Barre grabbed power in a 1969 coup, he adopted a "socialist" posture and formed an alliance with the Soviets. The Soviets at that point were not only cozy with the Somalis but also with Gamal Abdel Nasser in Egypt and with the Jaffar Numeiry regime in Sudan. It was the hour of the Soviets. The United States was locked out, except in neighboring Ethiopia, where the aging and reactionary Emperor Haile Selassie was highly enamored of Washington.

By the late 1970s, however, the Soviets had fallen out with the Somalis, the Sudanese, and the Egyptians, while the Americans were in. In Ethiopia, Selassie had been ousted and later murdered by the hard-line Marxist regime of Haile Mariam Mengistu. The Soviets recouped their losses in the Horn by replacing the United States as the benefactor superpower in Ethiopia.

After the Camp David accords, Egypt opened up to the United States in ways that shocked traditional Arab nationalists. Newly influential in Egypt (the Middle East's most powerful state, apart from Israel)

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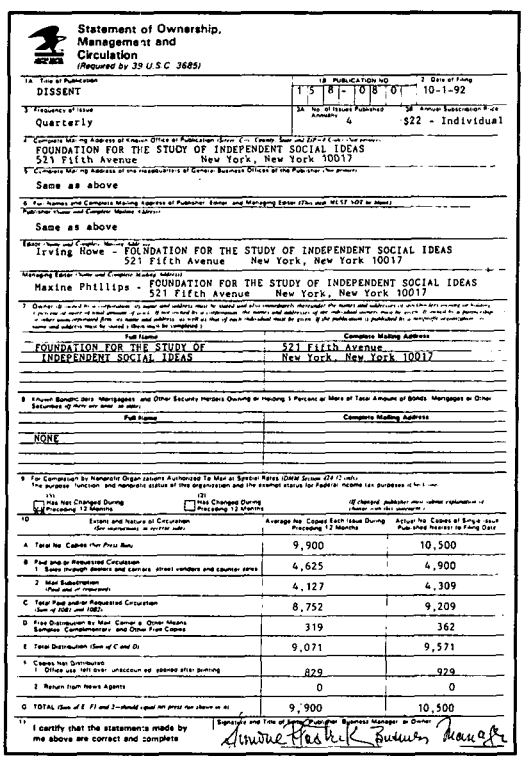
and throughout North Africa, the United States no longer found Somalia of much importance. Western indifference to Somalia during the first half of 1992 underscores the fact that humanitarian aid is a tool by which the countries doling it out pursue their own interests. These interests may be narrow and immoral, but they are seen as legitimate.

This self-interest is not peculiar to the West. The ineffectual Organization of African Unity (OAU) has not done much either. An attempt in 1991 by the OAU to reconcile the factions and mobilize medical relief flopped. African governments also forgot Somalia as they turned their attention to their own droughts and to prodemocracy demonstrators bent on toppling them from power.

What should perhaps be of greater concern to those worried about the West's lack of interest in the Somalia crisis is that it has not found its way into the popular mind as did the equally devastating Ethiopian famine of 1984–85.

One possible reason is that the "Western conscience" became a victim of the end of the cold war. "Western civilization" gloated that it triumphed over communism because of its moral superiority. Whereas in the past a quick response to a Somalia-type crisis would have been part of a wider struggle against communism, the West now believed that it did not have to prove anything. The defense rests, as it were.



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The more interesting difference between the Somali and Ethiopian famines is that the Western cultural industry has not made Somalia into a sexy issue, as it did with the "Live Aid" concert for Ethiopia in 1985. Today such a concert is more likely to be a benefit in memory of Freddie Mercury, the pop singer who died of AIDS. The West has its own pestilence, and there are not even enough concerts for that. There will be no big concerts for a black country like Somalia or even a white one like Bosnia-Herzegovina.

Beyond the international factors, the misery in Somalia has had a quality of inevitability. Extended military dictatorships like Barre's always exact their toll. By the close of the 1970s nearly all of Somalia's best minds had been silenced or forced into exile. A peculiarly narrow-minded and illiterate form of politics set in. With his political base eroded, Barre looked hard for a way to divide the Somali people in order to stay in power.

It was a tough nut to crack, because Somalia is one of the few homogeneous countries in Africa. Everyone in Somalia belongs to a single nationality (ethnic) group, the Somali, and speaks the same language, Somali. Barre, however, found that he could play the clan card—a remarkable accomplishment, because Somali clans do not differ significantly.

Barre surrounded himself with his own Marehan clan, played other clans against each other, and periodically carried out purges of some. Each Somali clan grew to distrust the others. But because clans are such a basic unit of the community, when they were politicized and placed under stress, they fractured. In a situation where both the modern state and the traditional social structures are shattered, a Hobbesian "state of nature"—a war of all against all—ensues.

Barre's divide-and-conquer strategy soon led to famine. In April 1990, the regime tried to eliminate a two-year insurgency in the northern part of the country. In a scorched-earth campaign, government troops turned the area, inhabited mostly by the Issac clan, into a wasteland. Thousands of people were displaced, and livestock exports, which accounted for nearly 80 percent of the country's foreign exchange earnings, were knocked out. By that time Somalia was already over $2 billion in debt and struggling to keep up large-scale imports of food to ward off starvation.

Only 1 percent of Somalia's 738,000 square kilometers was being used for agriculture in 1990. Even in the best of times only about 9 percent of Somali land is arable—hardly enough to meet the needs of its population of five million.

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The desert had also been steadily encroaching upon the rest of the country, and Somali traders had to steal cattle from neighboring countries to make up the shortfalls in their export orders. Barre's regime did not have the political legitimacy or the intellectual resources to mobilize the country to check the advance of the desert or to improve agriculture by irrigation.

Months before Barre's fall, law and order broke down even in Mogadishu. When several expatriates were killed, embassies began to withdraw nonessential staff. The economy had already gone under after the state-run banking system collapsed in April 1990 with the closure of national banks.

The roots of the current crisis were laid down long ago, and in recent months we have been witnessing the results. The plunder of relief food by both organized and free-lance warriors is not driven solely by greed for a quick profit. Possession and control of food is now the main source of power in Somalia. It is the only economic activity that remains in the country, and the Somali state is being reconstituted around emergency relief, to the extent that it can get through.

It is unlikely that international humanitarian groups will continue to devote huge chunks of their budgets to the effort to keep Somalia alive, as strife and disaster strike even more parts of the world. The International Red Cross will by December 1992 have spent one-third of its worldwide budget to bring a hundred thousand tons of food to Somalia. If the country does not return to order soon, it might be left to die. After all, in southern Sudan, as a result of the civil war there, thousands of people have been killed or starved to death. So far the world has managed to ignore that catastrophe and live comfortably with itself.

If Africa does not throw away its crutches and learn to fend for itself, several parts of it could well be wiped out. The only hope is that the Somalia crisis is the wake-up call that the continent will finally heed.□

Elliot Neaman and Hajo Funke

GERMANY: THE NATIONALIST BACKLASH

November 15, 1992

German society is experiencing a level of turmoil unknown in its recent history. Although we do not believe that the history of the 1930s is repeating itself in Germany, there is an ominous backlash against minorities. Can German democracy combat it this time around?

In the latest wave of right-wing extremist activity, the first symbolic victory occurred in the fall of 1991. On a September evening in Hoyerswerda, a small town in eastern Germany, an angry crowd gathered around a government home for people seeking political asylum. They cheered neo-Nazi hooligans who pelted the building with bricks. Under cover of night, police evacuated the traumatized victims. No arrests were made. The right-wing gangs learned several important lessons. First, they found that a cohesive group identity could be constructed around hate directed toward "others." Second, they realized how effective targeted violence could be in evoking support among ordinary citizens. Finally, they discovered that the police hesitated to enforce the law and, in some cases, even sympathized with their assault on foreigners.

The recent attacks on foreigners in Rostock and other eastern German cities have received intense negative publicity. But they have shown how influential the "Hoyerswerda model" has been on the burgeoning neo-Nazi youth scene, and how helpless the authorities proved themselves to be at combating right-wing extremist violence. In particular, the coalition government led by the Christian Democratic Union (CDU) has shown little inclination to change its disastrous economic course, which is devastating the labor market in eastern Germany and creating an atmosphere of helplessness and disorientation. The sharp rise in unemployment and bankruptcies, as well as open dissatisfaction with the manner in which government administration and other services are being taken over by Bonn bureaucrats, has created a political and psychological vacuum, which is fueling racial resentment.

Since the fall of 1992, a new wave of violence has swept through all parts of Germany. On August 22, a horde of over a thousand skinheads attacked a housing complex occupied by Vietnamese workers and set it on fire. Every night for five days the police

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were met with barricades and flaming automobiles. Copycat attacks followed during the next week in fifteen other German cities. Only four weeks later, on one weekend alone, twenty different cities experienced deadly attacks on foreigners. The typical target of the gangs was housing units for families of political refugees. The balance of terror to date for 1992 amounts to over 1,600 acts of terror by neo-Nazis, 12 persons dead, and over 2,000 persons injured.

In comparison to previous years, this wave of violence has shown three new characteristics: (1) the incidents have affected a greater number of areas in Germany; (2) the violence is more dangerous; (3) and onlookers are beginning to play a role, either through passivity or open encouragement.

Experts have estimated that there are over 60,000 right-wing extremists in Germany, among them 6,500 dangerous skinheads organized in roughly 75 political groups, including political parties that present a guise of bourgeois respectability—such as the so-called Republicans and the German People's Union—and the explicitly neo-Nazi parties such as the German Alternative or Free Workers party. Many of these extremists are only loosely organized, at a local level, but communication and strategic planning between the groups is growing, as the acts of violence go unchecked. A constitutional expert on right-wing extremism, Ernst Uhrlau, has warned that what was once random violence is beginning to be directed into increasingly sophisticated underground networks.

In the public sphere, support for right-wing extremism is still very much limited to a minority of citizens, yet some of the statistics show cause for alarm. In the latest polls, 86 percent of respondents in the West regarded the question of asylum seekers and foreigners as Germany's "most important problem." In the East this figure reached "only" 40 percent because unemployment caused even more concern. The same study showed that 35 percent of the respondents in the West and 38 percent in the East perceived the "presence of foreigners in Germany as unacceptable."

Among youth below the age of 24, 20 percent sympathize with right-wing parties. Political disaffection in this part of the population is growing and shifting rapidly to the right. Although the vast majority of the population does not support physical attacks on refugee seekers, a growing number of people accept certain ideas and phrases propagated by the right wing. The current low standing of Kohl and the CDU, combined with the confusion of the SPD, does allow the right wing to increasingly sponge up disaffected voters. The latest polls indicate that only around 16 percent of East Germans would today vote for the CDU. Around 40 percent expressed "dissatisfaction with democracy."

In order to make sense of all this we must consider the conditions under which young people have grown up. One typical neo-Nazi in eastern Germany comes from a desolate, gray, relatively poor suburban housing project, without good schools, playgrounds, or other opportunities for recreation available to his counterpart in West Germany. But many neo-Nazi youths come from functioning, working-class families.

The bright future promised by Kohl just two years ago has grown dark. Young workers face unemployment or underemployment, and, if they have a job, they are afraid of losing it. The structures of authority have also been shaken with the demise of "communist" society. The old has been destroyed but the new has yet to be born. In this atmosphere of uncertainty and fear, the right-wing slogans of racism and anti-Semitism find a reception.

Sold on Black, Red, Gold

During the process of national unification, the workers and petite bourgeoisie of Leipzig and Rostock conflated their wishes for freedom and deutsche mark power with the black-red-gold colors of the German national flag. The millions of citizens who braved the streets in the heady days of the October-November 1989 revolution were promised that economic conditions would for most people at least remain stable and would improve for the great majority. Those who pushed for a complete restructuring of society now see themselves as victims of rapid de-industrialization and a ruthless revamping of their institutions by West German bureaucrats. Judges and administrators fly in and out daily to command, rearrange, and impose sentence on former German Democratic Republic (GDR) (communist) petty office holders, now unemployed, ostracized, and humiliated as traitors. Meanwhile, the former GDR bigwigs have moved into the glamorous financial worlds of Frankfurt and Duesseldorf. As in 1945, the little fish are caught, while the big fish get away.

In Bonn, the government is slowly admitting that its calculations were wildly optimistic. It is also without any new, overarching strategy. The "experts" either pretended to believe, or actually did believe, that the situation in 1990 was comparable to 1948—in other words, that simply introducing free-market reforms would convert a stagnant economy overnight into a blooming economic miracle. The financial planners did not count on the

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brain drain—that young, skilled workers would seek better jobs in the West, leaving the very old, very young, and unskilled workers behind. Nor did they count on capital drain—the fact that Western firms would rather keep their factories in the West and feed the East with consumer goods. Today one finds chic, well-stocked stores all over eastern Germany, but the profits made are funneled back to the West.

The planners also grossly overestimated the value of properties, factories, and government enterprises in the East. The government holding company (*Treuhand*) was expected to net at least 300 billion deutsche marks (DM) by selling off public assets. It is now estimated that it will receive less than 50 billion DM. The *Treuhand* has also been roundly criticized for letting an estimated one-third of all potential deals end up in the courts, where the former owners and their children lay claim to long-lost property. Finally, few expected the devastation wrought on the environment by forty years of communist rule to be as egregious as it was. The clean-up operation will take years, and will cost billions more.

Instead of rapid economic growth, the eastern part of the country is being kept afloat by huge subsidies financed by government debt. The situation in Germany can best be compared to that in the United States in the mid-1980s. As interest rates soared between 1982 and 1989, the U.S. economy boomed because of a huge influx of foreign investors buying treasury bonds and other securities. The bubble burst in 1990, leading to the present recession. Germany can expect a similar burst of the bubble. At the moment, the German government is being forced to keep interest rates high in order to hold down inflation, encourage domestic savings, and attract capital. Its money goes to pay for the climbing costs of unemployment benefits for up to 50 percent of the East's workers and other benefits of the German welfare state.

When things go wrong, people search for easy explanations. Somebody must be at fault, and since good, hard-working Germans can't be to blame, the outsiders, the foreigners, make a good target. In eastern Germany, the only thing remaining from the euphoria of unification is the nationalistic cant that says a German is at least better than a Pole, or a Rumanian, or a Russian. The amount of rage and anger aimed at foreign workers, so-called "ethnic Germans" or *Volksdeutsche* (who often arrive from Eastern Europe not speaking a word of German), gypsies, refugees from Yugoslavia, and other political asylum seekers is completely out of proportion to the number of people involved and the minuscule amount of money (as a percentage of the unification process) being spent to house and feed them.

Although the number of people who openly take up arms against foreigners is relatively small, the neo-Nazi skirmishes at the street level are taking place against a background of larger shifts in the population. We are already seeing trends in the 1990s that will bring more right-wing extremism, exclusivist nationalism, xenophobia, isolationism, and regressive political movements. The hard-fought gains of the 1960s and 1970s in Germany will be endangered. That was a time when advances were made for the first time in Germany toward constructing a pluralistic society, when minorities and foreigners began to be tolerated, human rights respected, and democratic experiments attempted.

This disturbing wave of volkish-nationalist resentment did not suddenly emerge in the last two years. The path had been paved by the ethnocentric wing of the ruling Christian Democrats, especially its sister party in Bavaria, fueled by conservative intellectuals who turned to aggressive nationalistic politics, such as Ernst Nolte, W.J. Siedler, and Arnulf Baring. For the last twelve years asylum-seekers, and foreigners in general, have been kept at the edge of national politics. The child of a Turk, who grew up in Germany, and whose father emigrated twenty years ago, must still wait up to ten years for naturalization. Italians who have lived for twenty years in Germany aren't able to vote even in local elections. Citizenship in Germany is still defined by membership in a *Volk* community.

The "problem" of asylum seekers must be seen in this context of ethnic definition. It has also been systematically manipulated by the politicians and the media. Although it is true that the number of asylum seekers is expected to reach 470,000 in 1992, the number of those deemed to have economic, and thus "false," motives is a minority estimated at around 30 percent. The Bonn government and the sensationalist press have however spoken about all asylum seekers as if they were bands of criminals. In fact, 90 percent of them are justified in seeking asylum under the Geneva accords, which stipulate that refugees are entitled to protection if it is evident that they would be subject to persecution in their own country.

The Legal Debate Over Asylum

The question everybody is now discussing is whether the laws should be changed so that it will be more difficult for political refugees to enter the country and seek the protection guaranteed by the Sixteenth Article of Germany's Basic Law. This very liberal clause was incorporated into the German constitution as a way of making some amends to the Western countries that accepted the wave of German

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exiles fleeing Nazism in the 1930s. The new democratic Germany, made rich with the help of allied support and protection, was supposed to open its doors to the politically persecuted all over the world. It seems likely that some changes will have to be made to eliminate the clearly unacceptable situation under which hundreds of thousands of foreigners must now wait, in crowded quarters, without permission to work, for many years until their asylum applications go through the legal process. The question is: how should the system be reformed? If article 16 is substantially weakened or eliminated, world opinion will conclude that Germany has begun to renege on its historical debt.

For the sake of social peace and stability, it will be necessary to make some adjustments to the law. But Kohl's most recent maneuverings have justifiably caused alarm among political observers. At the beginning of November 1992, he suggested that the German state was in an "emergency situation" as a result of the wave of asylum seekers. He declared further that means would have to be found to circumvent Article 16, either by having the Supreme Court re-interpret it or by passing "emergency legislation." After being vociferously challenged by the press and opposition leaders, Kohl backed down somewhat, but the threat of emergency rule remains.

German history should have taught its leaders at least one thing about the fragility of constitutions. In the late nineteenth century Bismarck substantially weakened the development of democratic government in Germany by treating the Imperial Constitution with contempt. More seriously, the well-intended but badly executed Article 48 of the Weimar Constitution allowed the president of Germany to rule by emergency decree. Hitler used this loophole to consolidate power after 1934. Helmut Kohl has tried to fashion his regime as a "chancellor-democracy," that is, one in which the will of the leader takes precedence over consensual, communicative politics. It is now clear that in order to consolidate his power, he is prepared to challenge the Bonn Constitution.

Some viable reforms to the asylum procedure can be made without imperiling the Constitution. A fair process of differentiation should be introduced to separate people whose motives are primarily economic from those who are politically persecuted or are victims of civil war—though that hardly settles the matter of humanitarian justice. Germany could introduce a quota system for the economically motivated immigrants, based loosely on the U.S. model (which is hardly worth replicating!). It would, however, be reprehensible if the government were to introduce an absolute quota (a limit of 50,000 per year has been suggested) because such restrictions would lead to draconian measures to turn away political refugees. Another measure being considered would require all asylum-seekers to make applications before entering the country. Only 10 percent currently do so. Failure to comply with the rules would result in mass expulsions at the border.

A further necessary reform would be to change the financing structure for housing refugees. Currently, local governments are saddled with the burden, with the result that citizens greatly resent seeing their tax dollars go directly to pay for refugees. The federal government could alleviate political tensions by setting up a comprehensive, federally funded program for the needs of foreigners entering the country.

The reasons why the Kohl government does not take the necessary measures to defuse the tensions and reverse the trend of spiraling violence against foreigners are easy to deduce. It has nothing to do with money. Although the Bonn government is mortgaging the future of Germany to pay for unification, the sums needed to improve the legal process and provide security for foreigners are minimal in comparison to the money being spent in eastern Germany. The procrastination in dealing with these problems does not originate in the inability of the police to provide for law and order. In the 1970s, when the terror came from the extreme left, the police were devastatingly effective at infiltrating underground organizations and clamping down on public demonstrators. In more and more cases, the police stand by while light-skinned citizens applaud the terrorizing of foreigners by skinheads. The real reason for government inactivity is to be found in a cynical politics of public manipulation and kow-towing to "right-of-center" xenophobic sentiments.

Germany at the Crossroads

There have always existed right-wing conservatives who have never liked the liberal Constitution bequeathed or imposed upon Germany by the victorious allies after 1945. Their numbers seem to be growing. Moreover, conservatives have been waiting for a long time to "emerge from the shadows of Hitler" (as ultra-right politician Alfred Dregger put it) in order to give back to Germany a legal framework more in line with the "special needs" of the Germans. The orientation of Germany to democracy and a liberal public policy came late (not until after the *Spiegel* affair of 1962 (when two editors of that magazine were jailed for publishing "defense secrets") and lasted only as long as the

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Social Democratic interlude of Willy Brandt and Helmut Schmidt (until 1982).

Since Kohl came to power ten years ago, conservative ideas about restricting public access to information and decision making have flourished; in a hierarchical world of complicated technology and "high" culture only experts are presumed able to make decisions. Kohl has done everything possible to "normalize" Germany as a nation and as an actor on the world stage. Internationally, he has used Germany's growing economic stature as a world force to nibble at the edges of the country's self-imposed abstinence from power politics. Since the fall of the Berlin wall, Kohl has repeatedly asserted Germany's unilateral will. Such was the case when Germany recognized Croatia's and Slovenia's independence. In the more recent case of Italy's and England's currency devaluations, Germany made only modest attempts to lower interest rates and shore up the value of the other currencies, with the result that many members of the European Economic Community are getting the jitters about a German-dominated continental economy.

In short, if German politics are not to lead to further turmoil, three challenges will have to be met. First, the issue of asylum-seekers can no longer be used to win election campaigns. Second, a renewal of the commitment to democracy and human rights must take place, to reduce the backlash of nationalism. Finally, a new economic and political master plan for the East is called for. The government needs to redirect resources to the local level so that citizens feel empowered and the needs of the community, not the needs of the bureaucracy in Bonn, are fulfilled. To make such reforms, changes at the top have to take place, and that must surely include the gracious exit of a chancellor who has held onto power for over ten years and was, at bottom, responsible for the current crises.

Again, we are not suggesting that Fascism will return. The forces of democracy are strong and well aware of the dangers of the ideology being refurbished by neoconservatives and revisionists. In the last few months, some of the largest demonstrations in favor of tolerance and human rights have taken place in major cities all across Germany, sanctioned and supported by major political figures like President Weizsäcker and Rita Süssmuth. Still, a political and cultural battle is going to be fought that will determine the general direction taken by a New Germany in the twenty-first century. As the Israeli novelist Amos Oz warned after a recent arson attack in Sachsenhausen (site of a death camp near Berlin that Chancellor Kohl has refused to visit): "It is not the past that is buried in Sachsenhausen. It is the German present and future that is in danger of catching fire." □

POSTSCRIPT: As of this writing (December 7, 1992), the number of deadly attacks by right-wing skinheads has risen to seventeen. In Wuppertal on November 12, a pensioner was killed by two neo-Nazis, who were falsely informed that the man was Jewish. He was trampled to death and then set on fire because, as one of the thugs shouted, "Jews must burn." The escalation of violence reached an apogee on November 23 when neo-Nazis threw firebombs into a house in the Northern German city of Mölln, killing three Turkish long-time residents, a woman and two girls.

The events in Mölln finally stirred the government from its complacent slumber. Whereas left-wing terror has traditionally been persecuted with legendary Teutonic efficiency, the attorney general, von Stahl, has not, until now, ordered a thorough police surveillance of the right-wing scene, because he did not consider it an "organized threat" to democracy!

The killings in Mölln have also brought home to the German population the extent to which the threat from the right has not been taken seriously. All polls show a dramatic increase in the number of people who condemn the activities of the right. Since December 8, more than a million people have taken to the streets to protest. The Germans are not only reacting to a moral imperative—they also realize how much Germany has to lose symbolically, in terms of their already battered image abroad, and concretely, in terms of the imperiled economy and deepening social crises.

The CDU-led coalition and the Social Democrats have also reached a compromise and agreed to change the asylum clause in the Constitution. Henceforth refugees will not be allowed to enter Germany if their countries are deemed by bureaucrats in Bonn to be "free of persecution." Although this amendment has wide public support, the right wing correctly perceives the change in the law as its victory. It will also be interesting to see how the "experts" are going to decide which countries are exempt from political persecution, since Amnesty International has registered abuses in this respect in just about every country in the world, including Germany.

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Aliza Marcus

THE KURDS AND THE TURKS

DIYARBAKIR, TURKEY

In southeastern Turkey roads often lead nowhere. Along the narrow dirt paths and partly paved roads that wind through this mountainous region, stone and mud villages stand empty, casualties of the battle between the Turkish Army and separatist Kurdish guerrillas.

The people who have fled—under military pressure and crushing poverty born of decades of government neglect—now crowd shabby cities not far from their old homes. City life is not much better: schools are overcrowded and job possibilities bleak since the economic embargo against Iraq closed food and repair shops that catered to thousands of truckers who once crossed the border daily.

Life revolves around the tea shops, where men while away the hours chain-smoking, their wives at home tending to children. Dirty-faced boys in plastic shoes crowd the streets, hawking cigarettes. Raw sewage trickles down back alleys, running water is scarce, and electricity intermittent.

Here, some Kurds wage a battle over Kurdish rights—and ultimately, the shape of Turkish democracy. The eight-year-old war between the Turkish military and the Marxist-Leninist Kurdistan Workers party (PKK) is often ignored by a world more preoccupied with the plight of Iraqi Kurds after the Gulf War. But in southeast Turkey, home to about half of the country's estimated ten to twelve million Kurds, the struggle is omnipresent. By day, soldiers patrol in armored personnel carriers, and tanks rumble up steep mountain roads. At night, guerrillas sweep into villages for food and rest before engaging in skirmishes with government patrols.

The military seems to be fighting Kurdish civilians as much as the PKK. Kurds suspected of supporting the guerrillas are routinely detained and tortured, and whole villages have been emptied—sometimes burned—because residents refused to join the government militia. Demonstrations during last year's "Newroz" (Kurdish New Year) turned into bloodbaths when security forces opened fire and killed some seventy people. Sirnak, a city of 29,000 people, was left in ruins this past August when a skirmish with the PKK sent the military into a fifty-hour shooting frenzy.

Meanwhile, Kurdish activists are being targeted by a shadowy group they call the "contra guerrillas." Over the past year, some one hundred people have been murdered by unknown assailants. It is assumed that whoever is doing the killing is at least tacitly backed by official security forces. Whether true or not, the battle over the southeast is out of control. Over 2,000 people were killed in 1992, out of some 6,000 total dead.

This violence is only the most recent episode in a fitful struggle between Kurdish and Turkish nationalism that stretches back to the dissolution of the Ottoman Empire and the founding of the modern Turkish republic in 1923. Turkey's first president, Mustafa Kemal, the general who led Turkey's war of independence and took the name Ataturk (Father of Turks), wanted to ensure that the Kurds would not destabilize the country's new borders. The means he employed were not only military. He sought to restrain Kurdish nationalist sentiment by forcibly assimilating the Kurds. With occasional respites, "Turkification" continued well into the late 1980s. Kurds, it was declared, were "mountain Turks," their language merely a bad dialect of Turkish. Their language and music—even the use of Kurdish names—were restricted through official and unofficial measures. Laws forbade "separatist" activity and made criticism of the state and its armed forces a criminal act.

In the fifteen years after Turkish independence, Kurds staged three major rebellions. These were successfully repressed by the military, and measures ensued to break Kurdish self-organization. Private landholdings in the southeast were expropriated and given to Turks. Huge numbers of people, some Kurds claim up to a million, were relocated to western parts of the country. In later decades, Kurdish fortunes rose and fell with Turkey's shifting human rights policies. The military coup of 1960 ushered in a fairly liberal period during which leftist groups tried to promote discussion of the Kurdish question. Military intervention in 1971 was followed by a new round of official stands against democratic and pro-Kurdish sentiment.

The current wave of Kurdish agitation has its roots in the late 1970s. In this period of relative freedom

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opposition groups—not just Kurdish—proliferated. But this soon dissolved into murderous anarchy between right-wing, religious, and left-wing parties, and there was little surprise when the army took over yet again in 1980.

Turkey's treatment of its Kurdish population is just one part of the country's long-standing restrictions of human rights. The various constitutions that have come and gone as a result of three coups are better known for what they limited than what they permitted. Under the current Constitution, drawn up by the 1980–1983 military regime, the press is widely restricted, along with trade unions, publishing houses, political parties, and universities.

The military was able to schedule elections in 1983, secure that its former policies would not be questioned. A provision written into the Constitution barred the regime from prosecution for any of its actions. The leader of the coup, General Kenan Evren, was set to serve as the country's president through the end of 1989. About a hundred former political leaders were banned from politics until 1992. Members of parliament were banned until 1997. (The bans were lifted in 1987.) Turgut Ozal, whose newly founded Motherland party (ANAP) won the elections, had been the military regime's economic czar.

The years of democratic rule neither altered human rights abuses nor led to changes in the Constitution or penal code. Exhaustion with and reaction to repression—torture of detainees is endemic—led to a remarkable focus on the military's legacy during the 1991 national elections. In the campaign, Suleyman Demirel, leader of the Conservative True Path party (DYP), promised police stations with "glass walls," a catchy way of saying he would monitor police handling of suspected criminals. The former six-time prime minister (twice deposed by military coups) also said he would promote more democratic laws—a surprising statement from a man whose earlier stretches in government were marked by a willingness to impose restrictions and to link up with ultranationalists. The Social Democratic Populist party (SHP), led by Erdal Inonu, promised a new Constitution.

Ozal's party also claimed it would institute reforms. A few months before the election his party, ANAP, repealed penal code articles outlawing communist, separatist, and religious propaganda. Also, a 1983 military law that outlawed most public use of the Kurdish language was revoked. However, when the self-congratulatory fanfare died down, it became clear that the rescinded laws had been basically reinstated by a new, all-encompassing Anti-Terror law.

In the meantime, ANAP was weakened by a failing economy beset by high unemployment and spiraling inflation. Many Turks were dismayed by Ozal's refusal to rise above politics after his ANAP-controlled parliament elected him to a seven-year term presidency in 1989. Although Ozal had to resign as party chief, he continued to exert considerable influence over the Motherland party.

The 1991 elections were unusual in that outspoken Kurdish nationalists played a major role. Although the pro-Kurdish Peoples Labor party (HEP) was barred through a legal technicality, its candidates were taken in by Inonu's Social Democrats, who were eager to regain Kurdish support. (Seven Kurdish parliamentarians were expelled from the party for attending a Kurdish conference in Paris in 1989.) HEP candidates were among the most radical Kurdish leaders, people who were calling for talks with the PKK guerrillas. Hopes ran high in the Kurdish southeast that real change might come after the elections.

Demirel's True Path party emerged as the country's largest political force, but fell short of a parliamentary majority. It formed a coalition with the Social Democrats, whose eighty-eight deputies

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included twenty-two Kurds. Prime Minister Demirel quickly "acknowledged" what he called the "Kurdish reality." It was time, he indicated, to address the roots of the Kurdish guerrilla war. A few months after taking office he told a visiting Helsinki Watch delegation that he wanted to abolish the village guard system, under which Kurds are often forced to take up arms against the PKK in exchange for a monthly salary and exemption from military harassment. There was talk of lifting emergency rule in the southeast.

The government made some changes. A Kurd was named to head a human-rights ministry, a notorious prison was shut down, a Kurdish-language newspaper started publishing, and a private Kurdish Institute opened in Istanbul. Despite criticism and threats, some HEP deputies used Kurdish in parliament. Others sported the colors of the banned Kurdish flag and raised the tumultuous situation in the southeast.

But those who believed the coalition government would bring real change have been disappointed. Much-touted penal code and constitutional reform have foundered on dissension within Demirel's own party. Some Turkish intellectuals believe Ankara may have decided it was easier to govern with the restrictions than without. The military, in particular, is not an easy force to cross, and it opposes loosening control over the southeast.

The government now seems prepared for a general crackdown on Kurds. Eighteen HEP deputies resigned from the Social Democrats to protest Inonu's refusal to press for Kurdish rights. The constitutional Court may ban HEP as a "threat" to Turkey's "territorial integrity." The state security prosecutor has asked Parliament to strip HEP deputies of their immunity. This would pave the way for charges of sedition, which carry the death penalty. Demirel and Ozal have both said the guerrilla war must be solved by increased military means.

Throughout all this, Social Democratic leader Inonu has been uninspiring and unimaginative. A former nuclear physics professor who entered politics in 1983, he is best known for his lineage (his father, Ismet Inonu, was one of the republic's early leaders). Beset by splits in his own party, Inonu is now more concerned with maintaining his power over his party than in promoting any of the social democratic ideals his party officially espouses.

Most Turks, when asked about Kurdish demands for recognition, are bewildered. The mainstream press rarely reports news about the southeast. When it does, the focus is on the numbers of "terrorists" and Turkish soldiers killed. When newspapers are bolder, their reports tend to be discounted. The public is heavily schooled in Kemalist ideology, which holds dear Turkey's territorial integrity. Turkish officials, meanwhile, blame PKK support on "outside powers." One day it is the Armenians who are arming the PKK, the next day Iraq. Then it is Iran, or Syria, or Cyprus, or Greece, or a U. S. pilot who accidently drops an aid package destined for the Iraqi Kurds in Turkish Kurdish territory.

What do Kurds in Turkey really want? For starters, a federal state for at least a few decades, according to Abdullah Ocalan, the Marxist-Leninist leader of the PKK. This, he says, is more realistic than full independence for the economically undeveloped Kurdish area. But pro-PKK Kurdish activists say their immediate demand is an end to the state of emergency and military abuses. They call for Kurdish-language schools and other forms of cultural expression and the right to organize a Kurdish party. Only when Kurds are free to discuss their needs, they say, will it be possible to consider the final status of southeast Turkey.

Although the PKK is now clearly the loudest voice of Kurdish opposition, its flaws are numerous. It consolidated power in the early 1980s through bloody battles with rival Kurdish organizations. Its Marxist-Leninist dogma has become somewhat secondary to its nationalist slogans, but the PKK is hardly composed of Western democrats. It has not only terrorized Kurdish civilians and killed Kurdish foes, it has targeted Turkish civil servants, particularly teachers in remote villages, and even Turkish employees of state-run enterprises.

The Kurds of southeast Turkey are trapped. Ankara forbids them from forming a political party. And the military often does not discriminate between PKK guerrillas and Kurdish civilians. "The state can't get rid of the guerrillas so they are killing us," says one young man from Caglayan. (This past September, the military burned down a third of the village's houses.) The PKK, in the meantime, says it is fighting for Kurdish rights. Undoubtedly, many Kurds don't fully understand or support the PKK's political philosophy. Still, many Kurds feel they have no choice.

Turkey's Kurds face yet another complication since the Gulf War: their Kurdish brethren across the border in Iraq. The Iraqi Kurdish leadership is dependent on Turkey. After the war, the allies set up a "safe haven" in northern Iraq, which they police from bases in Turkey. So far, Turkey has approved this setup. It has also allowed the border to remain open. Iraqi Kurdish leaders Jalal Talabani and Massoud Barzani, who now have offices in Turkey, seem to think that if they do Ankara's bidding, they

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will obtain support for autonomy within a federated Iraqi state. (They will probably be disappointed.)

In October, the five-month-old Iraqi Kurdish parliament voted officially to establish a federation. It also approved a crackdown against PKK bases in northern Iraq if the group would not leave of its own accord. The PKK ignored the ultimatum and Iraqi Kurdish forces attacked. Turkey soon sent in ground and air forces to support the drive against the PKK. However, Ankara also issued a statement saying it opposed any moves by Iraqi Kurds to set up a federation because "this could lead to the disintegration of Iraq." Ankara seems afraid that a federated state in Iraq could lead to calls for something similar in Turkey.

Turkish Kurds feel betrayed by the West, which has been quick to cry out against abuse of Iraqi Kurds but falls silent when it comes to them. Many Kurds believe the winners of the Gulf War struck a deal with Turkey. Turkey would be allowed to treat its Kurdish minority as it saw fit in exchange for support for the safe haven.

Although the PKK's bloody attacks pushed Turkey to "acknowledge" its Kurdish minority, it may be time for the PKK to try to woo Turkish civilians, which would mean keeping its attacks focused on the military. Some Turkish intellectuals believe that the Turkish government harbors politicians who would like to strike a deal with the PKK. But they say it will probably take a major crisis to change government policies. Even then, the military is likely to oppose any settlement that would grant Kurds real autonomy. It will take a courageous government to stand up to the armed forces. If this happens soon, Kurds and Turks might discover they can live together. □

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Mitchell Cohen

THE PROBLEM OF INTERVENTION

What Responses for the Democratic Left?

With the election of Bill Clinton, the war in Vietnam ended—finally. George Bush sought to make it a campaign issue by talking about Clinton's draft record, yet Americans pronounced such matters irrelevant to their concerns—economic concerns, which are not so different from those that once sustained the pre-Vietnam Democratic party. After a dozen years of voodoo economics, Americans are hurting.

Then, the evening news: starvation in Somalia, "ethnic cleansing" in Yugoslavia, the threat of a right-wing and/or neo-Stalinist coup in Moscow. More to come: Saddam Hussein is sure to test the new American president soon.

How, in this new world disorder, are we—the liberals, the democratic left—to think about American interventionism? The world has changed radically; the left must reinvent itself if the values dear to it—egalitarianism, human rights, social and economic justice, self-determination—are to have efficacy. Old signposts on new paths can be perilous, even if some terrain remains familiar. How we conceive social democratic values in global as well as domestic affairs must be a function of the world we engage, not just the world in which those values were first formulated.

Historically, the left has inclined sharply against American intervention abroad. Yet this, like most generalizations, requires caveats. There are, after all, varying forms of intervention. Sending food to Somalia, advocating a radical change in the International Monetary Fund's (IMF's) worldview or espousing Michael Harrington's idea of an Economic Security Council at the UN would be opposed by few. American leftists fought Franco; support from Washington for the Spanish republic would have been welcome. American might was essential to Hitler's defeat, and few today would find this objectionable, though a tiny segment of the left mechanically reapplied analyses of World War I to 1939, disastrously concluding that again only capitalist aggrandizement was at stake.

For most of the left, as for most Americans, this country's role in World War II was unambiguously justified. Vietnam, however, allowed no such assertion. For a generation of Americans—my own—this calamitous intervention by Washington was a defining experience, bearing no resemblance to the anti-Nazi struggle. In Vietnam 58,000 American lives and countless Vietnamese were sacrificed in an undeclared war driven by simplistic cold war logic and fostered by repeated deceptions by successive administrations, Democratic and Republican.

The bad faith seemed endless. We still hear that the war was fought with "one hand tied behind our backs." How many more bombs could have been dropped had that hand been "free"? And in Republican campaign bluster this past fall a foe of the war (Clinton) who avoided serving in it was excoriated while a proponent (Quayle) who dodged combat, allowing others to fight for his "principles," was a patriot.

This came from people who warned of the "threat" from Grenada; who first coddled Panamanian strongman Manuel Noriega and then invaded Panama to capture him; and who, "realists" by self-acclamation, coddled Saddam Hussein, helping to set the stage for the Gulf War—after which they announced that the

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"Vietnam syndrome" had been put to rest. Let us hope that Clinton's election puts all this to rest. Still, one frets a little that the new president, having been attacked on his draft record, might incline to "prove" himself.

Fallacies of the Left

My point is this: anti-interventionist sentiments have good grounding. But such sentiments can be well or badly applied. To avoid their misapplication, the democratic left needs to rid itself of three fallacies to which it is sometimes prone:

The Motive Fallacy. It is 1941. You are an activist in the British Labour party, long opposed to your country's imperialism. There has been a putsch in Baghdad and, well, you don't know what to make of it. A nationalist politician, Rashid Ali, has seized power. He extols Arabism, denounces imperialism, and is cheered by the exiled Palestinian leader Amin el-Husseini, the Mufti (roughly, Moslem primate) of Jerusalem. The two have previously sought Axis patronage, and will surely do so again. For Rashid Ali, an enemy of his enemies is a friend. Who proves this better than His Majesty's troops, dispatched to dispatch him? He flees, as does the Mufti, eventually to Berlin.

So, what to do? Bless the use of British troops—ordered by conservative Prime Minister Winston Churchill—to crush a third-world regime asserting independence?

It seems to me that the answer is a straightforward yes, because one ought to distinguish the overwhelming immediate danger—a pro-Axis regime in the Mideast in the midst of World War II—from distrust of conservative leaders. Yes, just as the war effort as a whole should have been supported. Yes, even if you will be at odds with that prime minister at the war's end.

To do otherwise would be to succumb to "the motive fallacy"—allowing mistrust, however justified, of a political leader's motives to cloud your comprehension of an actual situation. I am, of course, not being subtle: because Americans were lied to by their government, from Vietnam in the 1960s to Central America in the 1980s, part of the left tends, too often, to judge circumstances abroad by the motives of American leaders and not by the circumstances themselves. In the Gulf, this was reinforced by Bush's coddling of Baghdad between 1988 and 1990. But if a scurrilous character helps fashion a tinderbox, does one refuse him water to put out the fire?

The Bush administration, between 1988–90, and the anti-interventionist left in 1990–91 labored under parallel misconceptions. Bush and company imagined that Saddam Hussein could be "brought around." Sure, he's a foul fellow, they conceded, but we're used to manipulating these types. Plenty of them have been our allies. Anyway, after his war with Iran, he owes us and is susceptible to our entreaties. Likewise, anti-interventionists (or some of them) thought Saddam could be brought around by embargo. Of course Saddam is a miscreant, they allowed, but the U.S. trucks with such stinkers regularly. Like others, this dictator is susceptible to international pressures.

The results? Bush's posture encouraged Saddam's aggression in the first place. And today, after two years of embargo punctuated by a devastating war, he still reigns. Nobody can plausibly claim embargo alone was a feasible policy. What was common to Bush and anti-interventionists was this: they confronted the Gulf with extraneous factors on their minds. When Bush crowed that Desert Storm ended the "Vietnam Syndrome" and part of the left condoned a Vietnam analogy, both repeated cold war logic even though the cold war was over.

A proper response—by the left or anyone else—to the invasion of Kuwait ought to have rested on two questions: (1) What danger, short and long term, was posed by Iraq? and (2) If great menace was at hand, what justifiable means could arrest it? The "if" is all important, for if it could be persuasively demonstrated that the peril was not severe or that it was reversible short of military action, then such action was unwarranted. Either way, Bush's motives, let alone his braggadocio about the "Vietnam Syndrome," provide no answers to these questions.

The Bourgeois State Fallacy. When Marx, in

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the middle of the nineteenth century, postulated Britain as the model of capitalist development, he perceived it politically to be a dictatorship of the bourgeoisie: suffrage was restricted to a small portion of the population with means, and the state was its servant. Universal suffrage, he allowed in several writings, would create a very different situation, something ignored by Marxist-Leninists. The latter insisted that any act abroad by a "bourgeois state," especially the United States in the twentieth century, was imperialist and malevolent by definition, just as such a state could not be transformed and deployed for any truly beneficial domestic purposes. Echoes of such thinking extended beyond Leninist ranks.

But if one rejects this fundamentalist notion, then there is an "America" that is not simply a function of capitalist interests, powerful though they be. This America, unavoidably, must have interests in a world of states. If one assumes that proletarian revolution is not on the global agenda—an intelligent assumption—then there are corollaries. One is that the task of a democratic left is to fashion a reformist politics aimed at recasting the country by expanding social and economic democracy, diminishing racial and gender inequality, and reducing (preferably eliminating) the power of wealth and class. The more success in doing so, the more "America" belongs to the American people as a whole. Admittedly, it is a distant prospect. Still, the more it does belong to them, the more they, as a whole, must be seen as possessing real interests internationally, which a government must represent. How one defines, delimits, and acts on "American interests" is, of course, inseparable from one's values. This nexus of values and interests is what should determine whether an America foreign policy decision is right or wrong, *not the fact that it is American.*

The Isolationist Fallacy. If the "Bourgeois State Fallacy" lends itself to a denial of American interests per se, isolationism does the opposite, imagining that the United States can somehow detach itself from the world. Isolationism today is born of previous misadventures abroad, reinforced by the end of the cold war. It can nourish a right-wing approach (for instance, Patrick Buchanan's) as easily as a left-wing one. Either way, something vital is ignored: this is not the nineteenth century. The increasing integration of the global economy, linked as it is to revolutions in communications and technology, has changed radically how countries and economies interact. Isolationism is simply untenable.

It is one thing to be leery of American interventionism; it is another to advocate an impossible, indeed perilous, disengagement from the world. Will economic disarray in Europe or economic chaos in Russia leave Americans unaffected? What of a fascist coup in Moscow or a nuclear Teheran? Naive isolationism, no less than aggressive interventionism, occludes what we in the democratic left should champion in the post–cold war world: collective security.

Engagement, Not Isolationism

As we enter 1993, the United States faces no serious military threats. Consequently, it has three options. I've just argued against the first—isolationism. The second, also ill-conceived, is to envisage the world as "unipolar" and conclude that the United States should take complete charge of global order and proselytize American democracy. This approach can't quite escape the cold war. Although we should undoubtedly be supportive of democratic regimes and movements around the world, we need to be wary of an old—sometimes idealistic, too often shrill and haughty—American tendency to tell other people that we must be their example. If democracy succeeds in Russia, it will be Russian, not American, democracy. Moreover, the world may be militarily unipolar today, but it is economically both multipolar and increasingly linked. Unipolarism is a prescription for making Americans the cops of the post–cold war world, a responsibility we shouldn't shoulder, save in very exceptional circumstances, and cannot afford. We would inevitably be resented.

The third possibility: the democratic left could urge Washington, in this fluid historical moment, to press for effective mechanisms of international collective security, particularly

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under UN auspices. This, however, must be done with sobriety, because collective security is a complicated matter. During the Gulf crisis some critics presented collective security as the opposite of American maneuvers. However, Washington's coalition-building and request for UN sanction, whatever its limits, was a form of collective security, in fact the only feasible one given at the time.[1]

When the UN was founded, a Military Staff Committee (MSC) was established to enforce decisions of the Security Council. If needed, member states were to provide "armed forces, assistance and facilities," according to the UN Charter. "The idea seemed so simple," one scholar remarks. "An apt analogy is the human body's ability to rush the blood's white corpuscles to combat an infection in any part of the body. Similarly, the United States Security Council would dispatch its infection fighters to a troubled spot anywhere on earth at the command of the Military Staff Committee."[2]

The MSC, on which sit military representatives of the permanent members of the Security Council, never became operational because of the cold war. The United States wanted it to have a substantial force at its disposal and the USSR something small. The result was no force at all, although the MSC still convenes monthly. Since the UN's founding, the Security Council has authorized only two military operations, and both used ad hoc arrangements because institutionalized ones were absent. In Korea, troops were under a "unified command" headed by Douglas MacArthur, and in the Gulf the Security Council endorsed the use of "all necessary means" by a U.S.-led coalition to expel Iraq from Kuwait. In both the MSC was nonfunctional.

If force was the sole alternative in the Gulf, then given the strategic and institutional prerequisites for such a large-scale operation, the multinational (though American dominated) coalition fashioned by Washington, or something like it, was the only practical option.

This should be a matter of discomfort, even to Americans who supported the war, for several reasons. First, one wouldn't want this arrangement to be the sole possibility on a regular basis, unless one craves for U.S. troops to be the world's police. Second, when collective action is dominated by one power, the action can be identified by its foes with the ambitions of that power rather than with the sanction of the international community. Saddam sought to do just this. Third, when one power dominates a justifiable action and its leader is George Bush (for example), that leader's previous behavior may cloud the issues at stake.

Someone who spoke of the "threat" from Grenada may have some difficulty in being persuasive about real perils. Finally, when one power dominates a collective security action, there is a danger that it will, for its own reasons, disregard the parameters set by the Security Council. This was not an issue in Desert Storm, where the mandate, to expel Saddam from Kuwait and not to occupy Iraq was followed, but it was when the 38th parallel was crossed during the Korean War.

If the United States is not to be the cop of the world, then a credible alternative must be developed. Making the MSC, or something like it, functional ought, at least, to be explored. Still, the problems should not be underestimated.

Political Problems. A functional MSC is dependent on relations among the permanent members of the Security Council. Today's partial accord cannot be presumed eternal. Political abuse has discredited the UN often enough in the past, and one wouldn't want to add a military dimension. Also, current permanent membership—and thus MSC representation—doesn't include several major world actors, such as Germany and Japan.

Democratic Problems. There is a "democracy deficit" at the UN. I borrow this term from recent criticisms of the European Community (EC). Given the weakness of the European Parliament, EC decision making appears remote to many Europeans, several times removed, in the hands of the European Commission and Eurocrats. But at least European parliamentarians are elected. Dictatorships are represented in the Security Council and in the General Assembly. In fact, little can be done about this because representation must be on a state level. Excluding China, for

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example, from international security decisions would be dangerously foolhardy.

Still, for democrats, there's a problem at least as potent as that of a superpower playing world cop. Let's imagine that an army division within the U.S. military is designated for MSC use. How will Americans feel about life-and-death decisions concerning American troops being made, if only in part, by authoritarian regimes accountable to nobody? When American legislators, scrutinizing the UN Charter in 1945, discussed use of U.S. troops by the UN, they apparently assumed a treaty would have to be passed by the Senate. Nowadays the War Powers Act would have to be taken into consideration. When Moscow suggested in 1988 that the MSC be examined anew, the Kremlin also maintained that the Soviet Parliament would have to approve deployment of its troops to enforce Security Council resolutions.

Technical Problems. A host of technical problems, often not separable from politics, comes with empowering something like the MSC. Consider the logistics were the Security Council to authorize a large-scale action, but without one power dominating. Presumably, the troops would be composed of units earmarked for MSC use by the armed forces of several states. Dangers abound. Who will command, and how will fragmented linguistic command on lower levels be made functional?[3] Considerable preparation and coordination would be necessary. Who will pay for it? What of different levels of technology among the armed forces of contributing states? What of intelligence sharing? Would intelligence be the sole responsibility of countries who have, say, spy satellites? Would that necessitate command of the operation by one of those countries?

Can one reasonably expect, within the context of the MSC, that the United States would chance revealing sources and means of intelligence to a Russian military commander, or a Russian to an American, even if Russo-American ties were good?

There may be ways of grappling with such difficulties. They demonstrate, however, that "collective security" is no easy matter. If all these complications arise in my mind, and I have no expertise in military matters, there must be scores more.

Americans of the democratic left are, at the end of the cold war, in a peculiar position. We are citizens of the most powerful country on earth, though we constitute, in its political life, a pitifully small presence. Such circumstances demand not postures but credible ideas. I've tried to suggest some herein, with arguments aimed to encourage debate. They have a strategic assumption. When a country is in a militarily secure position at a fluid historical moment it has a choice: it can seek short-sighted, short-term advantages or it can conceive the combination of historical fluidity and national security as a unique constellation enabling it to fashion long-range advantages for itself and the rest of the world. □

Notes

[1] Regional collective security arrangements, although attractive in principle, have given little reason for optimism in practice. No serious observer can argue that Iraq's invasion of Kuwait could have been handled effectively by the Arab League or the Gulf Cooperation Council. Once there were great hopes that the EC might provide an important model, yielding an effective collective security system for Europe. The EC's response to Yugoslavia will disabuse confidence on this score for a long time.

[2] Benjamin Rivlin, *The Rediscovery of the UN Military Staff Committee* (New York: Occasional Paper of the Ralph Bunche Institute on the UN of the City University of New York, May 1991), p. 3. Also, see Rivlin's "Regional Arrangements and the UN and the UN System for Collective Security and Conflict Resolution," *International Relations*, August 1992; and Bruce Russett and James S. Sutterlin's, "The UN in a New World Order," *Foreign Affairs*, Spring 1991. In my discussion of the UN, I am greatly indebted to and have drawn considerably from these articles, although conclusions are my own.

[3] UN peacekeeping forces face some similar problems but are a matter distinct from the MSC, for they are not involved in large-scale action against an adversary but are deployed on a small scale by permission of the combatants and may only use weapons in self-defense.

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Bogdan Denitch

TRAGEDY IN FORMER YUGOSLAVIA

Nationalism Berserk

By spring of 1991 Yugoslavia was nearing terminal illness. The federal League of Communists had ceased to exist since the withdrawal of the Slovenian and Croatian branches. Although the federal premier Ante Markovic's economic program managed to maintain relatively high wages and a stable currency, the political crisis was visible to all. The presidents of the six republics were holding endless sterile meetings trying to work out an impossible compromise between the Slovenians and Croatians willing to accept at most a loose confederation and the Serbians pushing for a more centralized federation. There was an apocalyptic atmosphere in the circles of intellectuals among which I moved that spring in Belgrade, Zagreb, and Ljubljana. A worn-out regime was on its last legs, but there was little joy and much fear about the prospects for the future. We did not expect any velvet revolution or magical fixes from the new mantra, "market and privatization." Yet none could even imagine just how terrible the next two years would be. Only in Sarajevo, of all places, were dissident activists still relatively optimistic in early 1991.

I was involved in the debates in the media throughout the country that year after having joined with some democratic socialists in organizing the first open noncommunist political group in Yugoslavia. The Association for Democratic Alternatives in Yugoslavia (UJDI) was organized in all the major cities including Zagreb, Belgrade, Sarajevo, Ljubljana, Skopje, Rijeka, and Split. Most of us had known each other through decades of meetings and activities. UJDI included many of the student generation of 1968, some feminists, and peace activists. We had also gathered most former members of the *Praxis* circle, with the notable exception of Mihailo Markovic, a major academic figure from Belgrade. His absence signaled how many friends with whom we had collaborated for years would soon be lost to Serbian or Croatian nationalism. Markovic was a well-known democratic socialist dissident, a leader of the Belgrade Eight; he shocked us by becoming vice president and spokesman of Milosevic's ruling authoritarian Serbian Socialist party, which was essentially the old Serbian League of Communists with ever-more aggressive nationalist politics.

My own situation was complicated. As a dual U.S.-Yugoslav citizen I would now have to opt for citizenship in one of the new states. When not in New York I have lived in Croatia on the Dalmatian coast since 1967; most of my political and academic ties were also there, and so I chose Croat citizenship. But by national origin I am a Serb, with many ties in Belgrade. Increasing national polarization put me in a difficult position as a known public opponent of the Milosevic regime and Serbian nationalists. This made me a target for both Serbian and Croatian nationalists, the first because of my politics and the second because of my ethnicity. My position became even more uncomfortable after the right-wing nationalists won the first pluralist election in Croatia. I was a Serb and, to make things worse, an active participant in left-wing Croatian politics. Armed paramilitary groups of urban lumpen types were now increasingly visible on the streets of Zagreb and Belgrade. And it soon became a genuine issue whether or not to carry licensed arms. My friends recommended it

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while traveling or speaking in small industrial towns and rougher neighborhoods, something unimaginable during the long Titoist twilight.

I remember my initial shock when I first saw Chetnik insignia on bearded young thugs in the center of Belgrade peddling chauvinist tape cassettes and blood-curdling pamphlets. They looked like caricatures of the Chetniks from the Second World War. The only models the young had were from the war movies that glorified the Communist Partisans and treated the Chetniks as collaborators, rapists, looters, and killers. That was precisely what had made them attractive to the new converts! It was a Serbian folk version of the skinheads and neonazis in the West. Similar cultural blends in the Croatian paramilitaries mixed Ustasha symbols with heavy-metal music and skinhead and Rambo images, sometimes topped off with Catholic prayer beads and a cross. These were the groups that would do some of the fighting and commit most of atrocities in the wars that summer.

The Swedish Institute of the Workers' Movement* had given me a modest grant to try to help democrats and social democrats in Yugoslavia though a project optimistically called "Transitions to Democracy in a World Perspective."[1] The grant made possible minimal material aid to the democratic left, such as fax machines and a newsletter (in English) to maintain a network of individuals and institutions. We also organized meetings with new unionists in the media, and shipyards, and among teachers in Croatia and Serbia.

As the war spread in 1991, UJDI became an anachronism. Most of our members turned to organizing social democratic parties in their respective republics. If Yugoslavia were to come apart we wanted to make sure that our new states were, at least, democratic, had reasonable social programs, and were open to cooperation across the new frontiers. Most of us believed that this could only be done by organizing social democratic parties and unions, because that would be the only way to compete against populism and nationalism. Some of my friends in Macedonia and Slovenia stayed in the reformed former Communist parties, which in those two states had evolved into genuine social democratic organizations.[2] Many younger intellectuals preferred to work with social movements, which in practice meant ecological, women's, and peace groups. An important group in Belgrade around Vesna Pesic of the Democratic Reformist party argued that it was premature to raise leftist political issues in Serbia, since the most urgent goal was to establish peace, minimal democratic norms, a law-abiding state, and human rights.[3] The advocates of these various views cooperated with remarkable nonsectarian amity and continue to do so to this day. I joined the Croatian social democratic organization led by Professor Branko Horvat, arguably *the* leading democratic socialist economist in Eastern Europe.

* Now the Olof Palme International Center

Horror Shows

By mid-summer 1991 an ever-more brutal armed conflict in Croatia evolved from a local revolt by the Serbian minority into a war of aggression by the Yugoslav Army and the Serbian government. By the fall all communications between Croatia and Serbia had been cut, and travel and phone messages between eastern and western parts of former Yugoslavia now had to go through Hungary or Bosnia. Throughout that summer and fall, as the war in Croatia accelerated, the democratic opposition from the various republics still managed to organize round-table meetings of the federal government and opposition, mostly in Sarajevo, where we had mass and institutional support.

My own project was to pull together a fall conference near the Hungarian border with participants from the democratic opposition and some independent intellectuals, as well as democratic socialists from Western Europe, Russia, and Eastern Europe. International participants and solidarity helped the morale a little. We tried to make sense of what was happening and to work out some joint proposals. These were modest efforts to keep some kind of nonnationalist and democratic leftist community together.

Old personal ties and friendships crumbled as many of the intellectuals I knew rallied to the defense of their own nations. The pressure

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to do so was immense. Revived images in the media of the near-genocidal massacres of the Serbs in Croatia during the Second World War traumatized people who had seemed immune to nationalism. My Croatian friends were bombarded with current pictures of Serbs burning cities, including Dubrovnik, which is a cultural icon, and the massive destruction of churches and monuments. Television on both sides repeatedly showed horrendous pictures of mutilated bodies in vivid color. This reached a point where child psychologists in Belgrade and Ljubljana protested that children were displaying massive war neuroses. By spring 1992 television in Belgrade and Zagreb had become unbearable and the relatively objective station run by the federal government from Sarajevo an early casualty of the war in Bosnia.

War in Bosnia, Politics in Croatia

The second Croatian pluralist elections took place in August 1992, when the new war in Bosnia had been raging for months. Although Tudjman's ruling Croatian nationalists imposed an electoral law grossly tilted in their favor, we decided to participate anyway, as did all opposition parties. We failed to negotiate a general coalition with other democratic leftists and the regional parties from Istia and Dalmatia in time for the election. The best that we could do was to have a joint democratic socialist candidate for president, who got a respectable 4.5 percent of the vote in a field of sixteen. We also helped elect five members from the regional parties in a parliament of 137.

What we did manage was to campaign in the teeth of wartime nationalist hysteria and get a respectable hearing and high visibility. Horvat, Viskovic (a popular gadfly member of the outgoing parliament), and I campaigned in the media, temporarily accessible during the elections, and before grim audiences of unemployed workers and veterans from the Slavonian front, where we received a surprisingly respectful hearing. I remember massive applause when attacking President Tudjman as a puffed-up provincial authoritarian, a former communist general who has all of Tito's vices and not a single one of his virtures. There were innumerable threatening phone calls and much hate mail. But there were also letters from pensioners, school teachers, and ordinary workers and members of the traumatized Serbian minority who were grateful for the campaign. Desperate union activists asked for specific advice about how to handle the layoffs and massive takeovers of the worker-managed enterprises by the nationalist government. In semiclandestine late-night meetings in the shipyards we urged them to stick to absolutely rigid seniority, with no management prerogatives whatsoever, lest solidarity be destroyed by nationalist demagogery and management favoritism. Although we had a major impact, in the end we lost that battle too, and a purge of Serbs and Croat unionists followed.

A larger unified party of the democratic left should emerge this year since much of what we predicted about the economy and politics of Croatia unfortunately did happen. The economy continues in a tailspin, there are endless financial scandals as the streets fill with the young, the unemployed, miserable pensioners, and abandoned veterans. During the campaign the government emphasized its support of an independent Bosnia against Serbian aggression. By now the scandalous complicity of the Croat authorities is clear in the partition of Bosnia through setting up a separate Croat state in Bosnia much as the Serbs did. While the major aggressors are the Serb nationalists and the army, Croat troops have also occupied large parts of Bosnia and are in combat with the mostly Moslem troops of the Bosnian government.

Both Serbian and Croatian national myths emphasize the centuries of wars against the Ottoman Turks. Moslem Slavs, though ethnically and linguistically identical to the Croats and Serbs, are somehow transformed into the legendary Turkish enemy and made to pay for the years of Turkish dominance. Given that most urban "Moslems" are secular and culturally indistinguishable from their Serbian and Croatian neighbors I find this hard to understand. Most Europeans, especially East Europeans, do not accept a multicultural and multi-ethnic environment as normal; most American intellectuals do. Only consciously internationalist and cosmopolitan Europeans do. Internationalism was always very fragile in

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the communist movement, where it was turned into a caricature of Soviet "patriotism." E.P. Thompson and others have always stressed the intimate link between communitarian localism and class consciousness. And yet during the years I lived and worked in Yugoslavia it had seemed that a new heterogeneous popular culture was emerging among the young and among the urban workers. Multi-ethnic Sarajevo was the major source of popular music and culture. The current wave of nationalism strikes me as the revenge of provincial language and history teachers and all who insist that they must preserve that which is specific to their nation. The war in Bosnia is obviously also an urbicide; cities I have known and loved have been relentlessly bombed into shambles. This is the revenge of the local villagers who have always hated the cities. The cities where massive intermarriage and denationalization take place, where various national groups mix and make friends, where women enter professions, where the young reject tradition—these cities are the source of modernity. The villagers have always hated and envied the cities, and this war permits the destruction of these "dangerous" places.

Being a citizen of Yugoslavia had meant to me being a member of a very heterogeneous community. The new identities we are now forced to assume are so much narrower, more parochial, and less flexible. A bridge between the old and new civic identities is only partially created by the community of the democratic socialist movements. I now feel personally poorer, as I believe will many citizens of former Yugoslavia. However, that Yugoslavia which I mourn is now clearly dead. The aggressive nationalism of my own people is mainly responsible for this unnecessary death.

Can We Make Sense of This?

The political elites of the states of former Yugoslavia have wrought a massive disaster on their peoples. They have also reduced their actual independence. The shell of former Yugoslavia, now reduced to Serbia with its two restive formerly autonomous provinces of Kosovo and Vojvodina and an ever more reluctant Montenegro, having waged two wars of aggression in two short years, is now an international pariah subject to an ever-tightening blockade. Open clashes between the relatively moderate federal president, Cosic, and Prime Minister Panic with the hard-fisted Serbian nationalist regime of Milosevic threaten an intra-Serbian civil war. Large parts of Croatia are now protectorates of the United Nations, while the country tries to cope with almost a million refugees. Bosnia's government is reduced to a few enclaves and is now forced to fight a two-front war against Serbian and Croatian nationalist armies. Macedonia hovers on the edge of economic and political disaster because the Greeks vetoed its recognition by the European Community and the United States. Slovenia's living standards have been pushed back two decades to those of 1972, but it is still the least unfortunate of the new states. Before breaking up in 1990–91 Yugoslavia had a better case for European Economic Community (EEC) membership than Hungary, Poland, or Czecho-Slovakia; by now that is obviously an unattainable goal.

The elites of former Yugoslavia are not alone. Throughout Eastern Europe and the former Soviet Union destructive over-ambitious bunglers, often uncritically supported by a West relieved to see the last of the communists in power, were able to get more or less popular mandates. The self-indulgent electorates as well as a large part of the intelligentsia wanted to release their repressed nationalist urges. They engaged in a politics of theater, indulging in a little "harmless" assertiveness against their minorities and neighbors. "Just a little harmless funky national self-assertiveness," after decades of prim preachy insistence by the old communist rulers that chauvinism was forbidden and nationalism suspect. As the simultaneously playful and thuggish soccer riots and recent skinhead riots against immigrants in Western Europe have already demonstrated, that theater can also be deadly. In fact, many soccer fan clubs became the core of the nationalist paramilitary bands in Serbia and Croatia.

Democracy in most postcommunist states is a form of expressive politics bred by the weakness of the dissidents and communist repression. There was no chance to learn a

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responsible politics, to learn that what they decide can sometimes matter a great deal: that it can well be a matter of life and death, war and peace. For almost half a century, politics had been a sham and had bred a bone-deep cynicism.

Titoism was a history of repeated attempts, all ultimately unsuccessful, at internal reform of a communist regime. They were defeated by the contradiction between an increasingly attenuated authoritarian Leninism and a democratic empowerment through self-management. The Yugoslav party theorists had experimented with various mixes of decentralization and party (League of Communist) control for almost four decades. They introduced semisyndicalist models of workers' councils, decentralization down to the level of county government and ever-greater autonomy for the republics and provinces. The League of Communists also tried introducing market criteria in the economy. They even withdrew from direct control of culture and the arts. The decades-long experiment in workers' self-management was not merely a sham. It did substantially limit the powers of managers and it did involve large numbers of workers, over prolonged periods of time, in managing their own enterprises. The basic weakness was that all these experiments, good and bad, were brought in from the top down by the party. They thus provided no genuine sense of empowerment and responsibility that victories gained in prolonged political and economic struggles bring to the mass of the people.

The League's systematic repression of a normal development of responsible opposition groups, journals, and parties created an intellectual and moral desert. That human-made desert became a happy hunting ground for charlatans, adventurers, and demagogues who came to prominence overnight as the system collapsed. There had been no time to develop alternate views and politics to be tested in debate and mutual criticism. Instead the "new" non- and anticommunist politicians had to develop immediately. Quite naturally, the new politicians did not build their programs out of whole cloth. A substantial part was played by right-wing emigrés, especially in Croatia, who had preserved a nasty kind of traditional xenophobic nationalism during the long years in diaspora. Centrists and liberals did not arouse passionate commitment; the democratic left was weak, fragmented, and compromised by the similarity of its language to that of the communist reformers. Organic right-wing nationalism was at least "authentic." It fit nicely with a crude and selfish Social Darwinism associated with fashionable new economic dogmas of privatization and an uncontrolled market—the devil take the hindmost, especially if he is nationally different.

Much of the hostility to communism in Yugoslavia in the late eighties,[4] even among the beneficiaries of their rule, was based on an "echo effect" of the general collapse of communism throughout the bloc. It did not matter that the performance of Yugoslav communism was substantially different from that of the communism of Eastern Europe or the Soviet Union. It was tarred with the same brush. Countries one admired for being orderly, progressive, and with a high living standard, that is, Western Europe and a United States mostly known through movies and consumer products, were not communist. Communism had to be gotten rid of for many reasons, and for most people love of democracy was one of the least important. Alas, it never held a candle to the love for consumer goods.

Nationalist politics in Serbia and Croatia include a mish-mash of clericalism, romantic historiography, pseudoscientific nationalist ethnography, and arcane plot theories involving the freemasons, Jesuits, and espionage agencies. All that was now made available to the new anticommunist, nationalist politicians. Plot theories and political paranoia had long been widespread in former Yugoslavia and throughout Eastern Europe. This was encouraged by the ceaseless efforts of the political police and their favorite journalists to develop a "security consciousness"—a general paranoia about all foreigners, potential spies, and all who were different and might threaten the political order. There was ample room for an alliance of the right-wing emigrés and the communist police-inspired journalists. Both

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loved dark plots with undefined alien forces of great malignity. Protofascist and communist-inspired paranoias fit together neatly and helped corrupt and infect an already insecure public opinion faced with the collapse of known comfortable beliefs and social and political systems.

These are politics for intellectually and morally lazy people; almost everything is explained by conspiracies against our very own poor victimized nation. For the Serbian nationalists it is self-evident that the Albanians and Bosnian Moslems are in cahoots with the world conspiracy of Islamic fundamentalism and eternally lust after pure Serbian womanhood. The Croats are obviously an extension of the permanent plot of the Vatican against Orthodox Christianity or, alternately, the German march to dominate Eastern Europe. For the Croat nationalists the Serbs represent the barbarian non-European hordes of treacherous "byzantines" out to destroy Western civilization and Christian (that is, Catholic) culture; they are also "natural Bolsheviks" and even biologically inferior. This helps to increase the circulation of a mass yellow press and corrupts television and radio. It is a politics of identity reduced to its crudest form, "we" versus "they."

A democratic solution to the Yugoslav crisis is now almost unimaginable. And yet it is all the more urgent. Bosnia has been destroyed as a viable multi-ethnic polity through the brutal war and massive ethnic "cleansing" by the Serbian nationalists aided by the army and with Croat nationalist complicity in partitioning that state. Democracy is endangered in both Serbia and Croatia as well, because two bitter dirty wars have been waged for maximalist national aims with horrendous losses of lives and property. No one has won. Those responsible for the policies that led to the wars and who proved so incompetent in waging them are desperately struggling to stay in power. The price for the Milosevic regime's staying in power could well be an extension of military aggression to Kosovo, the Moslem areas of Serbia, and even Macedonia.

On the other hand, the Croats have hardly won a victory. The 1991 war fought entirely on Croat soil was massively destructive, destroying whole cities and creating some 600,000 refugees; in 1992 another 400,000 refugees from the Bosnian war poured in. Croatia also lost effective control of the one-quarter of its territory where large concentrations of the Serbian minority live. The war has encouraged the already strong existing tendencies toward authoritarian presidential rule by decree and censorship. By 1992 the last of the independent press had been taken over.

When the war moved from Croatia to Bosnia in spring 1992, intercommunal violence and open warfare reached near-genocidal proportions. By far the largest number of the victims were Moslem civilians, but all sides murdered civilians and ran concentration camps mainly to create ethnically "pure" cantons in what had been an exemplary multi-ethnic society. A state based on all the citizens as distinct from ethnic or national groups is rejected by the Serb and Croat nationalist leaders in Bosnia. Both now war against the Bosnian government. Partition is the only answer that the Croat and Serb nationalists will tolerate. However, it is impossible to have an ethnically based partition without massive transfers of population. These transfers will not be voluntary. Small townspeople and peasants do not readily leave their ancestral homes; they have to be terrified out of their minds. Cantonization of Bosnia and the creation of nationally "pure" states thus leads in a straight line to massacres, atrocities, looting, rape, and concentration camps as instruments of the new demographic policy. The Serbian nationalists have done by far the most of this, but there have also been massive transfers of Serbs from Croatia and Bosnia.

One-quarter of Croatia is under indefinite UN control, and an ever-more suspicious German sponsor supervises its human and minority rights performance. International aid cannot begin to make up for the destruction by the Yugoslav army and the loss of the Yugoslav-wide markets. The Croatian authorities are at best inefficient, when not complicit, when faced with massive dismissals, denials of citizenship papers, and destruction of the homes of an isolated and frightened Serbian minority. This is despite the fact that the

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Croatian constitution and legal systems have incorporated enlightened provisions for the protection of minorities. But these guarantees remain a dead letter. Just as no real democracy is possible in Belgrade so long as the Serbian government represses Albanians in Kosovo, no real democracy is possible in Croatia so long as its Serbian minority is treated as second-class citizens.

Conversations with top officials of the last legal federal government[5] make clear that the Yugoslav National Army (YNA) had become an independent force at least a year before the breakup of Yugoslavia in June 1991. That was when military intervention against the unilateral Slovenian declaration of independence passed the point of no return. The army's military and political failure encouraged the Croat separatists to follow. However, the secession of Croatia, with a large Serbian minority both manipulated by Belgrade and thoroughly frightened by the maximalist oratory of the Croatian nationalists, guaranteed a war in Croatia. The army lost this war as well. The Serbs remaining in Croatia, both innocent and guilty, now suffer from an assumption of their collective guilt by the majority Croat population.

Why did the Yugoslav army push ever further into this doomed adventure? The answer is both nasty and simple. Although committed to preserving Yugoslavia, the Army leadership was even more concerned with preserving communist political power. Therefore, it opposed the only kind of Yugoslavia that could have been preserved: a decentralized, economically reformed, and pluralistic Yugoslavia—in other words, a noncommunist Yugoslavia. The Yugoslavia that the army sought to preserve could only be preserved by naked force. In that aim it wrongly believed that it had a reliable ally in Milosevic's Serbian regime. It was wrong because Milosevic banked on an alliance with Serbian nationalists, who were anti-Titoist, and whose aims required the destruction of any kind of Yugoslavia that could have been acceptable to the other national groups.

At least twice before June 1991 the army was on the verge of a coup to upset the reformist Markovic federal government. It believed that the Soviet Army, which faced similar foes in its own country, would be a firm ally. That last chance vanished with the failed coup against Gorbachev in the summer of 1991. Had that coup succeeded, the army would have struck, assuming the backing of what would still have been a Soviet Union, with a ruling Communist party. The Yugoslav Army leadership had tied its fate to antireformist military and political conservatives in the Soviet Union. The defeat of the coup in Moscow left the Yugoslav army faced with total international isolation and also made it more desperate and adventurist. Within months the old Titoist generals were pensioned off and replaced by a younger and more nationalist lot.

This means that it was essential from the very beginning to unmistakably demonstrate to both the army leadership and the Milosevic government that their murderous goals were not achievable except at unacceptable cost. That is why a real blockade was a necessary step, but only a step, to changing Serbian policies. Complete and enforced air interdiction of Bosnia, permitting the Bosnian government to arm itself and taking out most of the Serbian artillery that freely bombed civilian targets in Sarajevo and other major cities in Bosnia for six months, could have been effective much earlier. Now it is too late to prevent hundreds of thousands from dying in the bitter mountain winter. These deaths could have been prevented or at least much reduced. Half of the Bosnian population will now be turned into refugees, while Europe is ever more unwilling, and Croatia ever less able, to accept more refugees. Most of this was avoidable, the result of human activities, not of fate.

A Free Association of Yugoslav States?

What might be imagined as a decent, if not optimal, outcome emerging from the wreckage? What is essential is for the new frontiers between the new national states to be (1) *absolutely* inviolable and (2) not too terribly relevant to the lives of most people and for the functioning of most economic institutions and

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transportation networks. The first step is peace and mutual recognition, within their present borders, of all states emerging from Yugoslavia. Any attempt to redraw these frontiers would lead to military conflict. Attempts to redraw the frontiers along "ethnic" lines reinforce two deadly myths. First, that it is possible to draw frontiers in such a way as to create ethnically "pure" national entities and second, that this is desirable. Both myths are born of a desire to create ethnically homogeneous national states. This is inimical to democracy in a real world where states are increasingly multi-ethnic. Instead, there should be a systematic de-linking of exclusive ethnic and national symbols from those of the state, which should be a state of all of its subjects, who should all be equal citizens.

The populations of whatever national identity who fled the war zones must be permitted to return with guarantees of safety. Therefore, all "patriotic" paramilitaries must be disarmed, and for some time both the police and courts must be under international supervision. An international court to try war criminals is essential. An international court might also be a way to deal with long overdue human rights in Kosovo and with rights of minorities.

A second step should be to create a free-trade zone, if at all possible with a customs union. This is necessary for many obvious reasons, including the interdependence of much of the industry and services in former Yugoslavia. It would be a good idea to revive the old proposal that the whole area become a military free zone. This would make both civil society and democracy considerably safer than they are in the presence of national armies.

What forces might fight for such a program? Is it any more than wishful thinking? I believe that the ethnic mobilization has very shallow roots. There were seventy years of Yugoslavia, forty-five after the Second World War. A great deal of cultural and economic integration took place. This is why I believe that once all states that have emerged from Yugoslavia recognize each other's independence and borders, the tendency will be toward increasing cooperation. There are more than two-and-a-half-million people in mixed marriages.

The present widespread popular anticommunism and antileftism is also only skin deep.

Multiculturalism and "The Politics of Recognition"
An Essay by Charles Taylor
With commentary by Amy Gutmann, Editor, Steven C. Rockefeller, Michael Walzer, and Susan Wolf

Can a democratic society treat all its members as equals and also recognize their specific cultural identities? Should it try to ensure the survival of specific cultural groups? Is political recognition of ethnicity or gender essential to a person's dignity? These are some of the questions at the heart of the political controversy over "multiculturalism."

In this book Charles Taylor offers a historically informed, philosophical perspective on what is at stake in the demand made for recognition of their particular group identities. His thoughts serve as a point of departure for commentaries by other leading thinkers, who further relate the demand for recognition to issues of multicultural education, feminism, and cultural separatism.

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There is a discreet but widespread nostalgia for the "good old Titoist days," days of job security, rising incomes, and law and order in what was the most open communist-ruled country in Europe. Real incomes in Croatia, Serbia, and Bosnia have dropped from an average of 600 to 800 German marks a month in 1990 to well under 100! Massive dismissals purely at the discretion of management face huge numbers of workers. All vestiges of workers' control and self-management have been abolished. Pensions have been cut in half. Inadequate social services are sharply reduced. Women's social gains—the rights to abortion and a place in the work force—are all under harsh attack by the nationalist and clerical right. Every fourth person in Croatia, fifth person in Serbia, and third person in Bosnia is now a refugee. More ethnic warfare looms in Kosovo and the Moslem areas of Serbia. More refugees will result from the fall of Sarajevo.

My best hope rests on the notion that the broad, class-based left has more resonance in the memories and politics of Croatia, Bosnia, and Serbia than does the nationalist right. There are social democratic and leftist parties in all of the former Yugoslav states that maintain loose networks and share a common democratic politics. They are in the governments of Macedonia and Slovenia and the opposition in Croatia, Bosnia, and new "Yugoslavia." They have broad support from dissident intellectuals and from former communist democratic reformers. They draw support from the antiwar young and from increasingly militant unionized workers.

It is not at all certain that these forces can win. Much will depend on the support they get from the social democratic left in Europe, even more from their courage in the face of repression in some of the new states. However, they do represent a hope, a possibility worth fighting for.

Modern nationalism, not only in Eastern Europe, moves by rules of strange and convoluted logic, sometimes explicitly antirational and antimodern. The hard-line nationalists in the 1920s in Europe, in France, Spain, Italy, and Germany were quite aware of this dimension of nationalism. They gloried in it and produced authoritarian nationalist movements, some immersed in Jungian symbols. Nationalism is a thing of passion and emotion, nonrational and postuniversalist; it is meant to be felt and believed and not coldly analyzed. It is also utterly nondemocratic although populist, and it is not open to the compromises and negotiations that are the heart of modern democratic politics. Nationalism awakened is inconsistent with building "cool and rational" complex federal or confederal states that are essential if any kind of democratic arrangements are to work in multi-ethnic states. This is not merely a problem for the states of former Yugoslavia or the former Soviet Union. In an era of awakened nationalisms in multi-ethnic states democracy is often the first casualty. □

Notes

[1] The "world perspective" was initially provided by the Mexican and Egyptian institutes, which wanted to see what they could learn from the problems of the transition to democracy in Yugoslavia and Eastern Europe. This formula also enabled West European social democrats to participate in some of our activities.

[2] In both Slovenia and Macedonia these social democratic former reform Communist parties are now in coalition governments.

[3] Pesic is now a major leader of the Citizen's Group, which unites the leading opposition to Milosevic's regime and provides backing for the more moderate federal prime minister Panic and federal president Cosic. The situation in Serbia is close to an internal civil war. Things may still end with an army coup.

[4] That hostility was quite real in many social circles, but it nevertheless must not be forgotten that the Yugoslav Communists did respectably well in the first free elections in 1990 in *all* the republics, winning in three (Serbia, Montenegro, and Macedonia), and being the largest opposition parties in two. Thus, they did better than East European Communist parties on the whole. To be sure, continued evolution of the Serbian party turned it into a party that rejected the positive heritage of Yugoslav communism, keeping only the link with the political police and repressiveness.

[5] This information is based on my own lengthy interviews and conversations with former cabinet ministers and ambassadors of the federal government of Ante Markovic. Through cross checking I am convinced that it is true. Both the prime minister and the secretary for international affairs were among the first targets of the military "hards" during the first half of 1991.

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Robert Kuttner

THE CORPORATION IN AMERICA

Is It Socially Redeemable?

In November 1932, in the pit of the Great Depression and within a week of Franklin Roosevelt's election, Macmillan published Adolf A. Berle and Gardiner C. Means's *The Modern Corporation and Private Property*. The book quickly became a classic referent in the debate about the social role of the corporation, and it still is. Berle and Means observed that in the modern corporation ownership is separated from control. Stockholders (owners) are effectively passive; their only real power is their ability to sell off shares. The fear of losing shareholder confidence may constrain managers, but very imperfectly. They further observed that modern corporate wealth was highly concentrated—the smoking gun was Means's calculation that the largest two hundred nonfinancial corporations controlled 49 percent of all corporate wealth. Contrary to the idealized picture drawn by Adam Smith, corporations thus had substantial market power to administer prices; managers had substantial ability to feather their own nests.

These insights had far-reaching implications for economic theory and economic policy. If managers are not subject to the direct discipline of their ostensible masters, and if they are rigging prices and squirreling away profits, it follows logically that corporations are unlikely to be operating in the best interests of either their owners, their employees, or the efficient optimum based on supply and demand assumed by classical theory. Hence they cannot claim to be optimizing for society generally. It further follows that markets are not self-regulating after all, and that society therefore might improve outcomes by regulating corporations, taxing their profits, or altering their form. "[B]y surrendering control and responsibility," Berle and Means wrote, shareholders "have surrendered the right that the corporation should be operated in their sole interest."

Berle and Means's timing was superb. Their arguments helped strip the corporation of its presumed legitimacy—at a moment when history had provided the exclamation point. Their book fed into a broad stream of works that undergirded the economic interventionism of the Roosevelt era. *The Nation* for February 1, 1933, ran an effusive review ("Capitalist Confiscation") by a young journalist and later U.S. senator from Alaska, Ernest L. Gruening, who concluded, "Sing us no song of property rights! When have they been less sacred in America than in the last three years?" Professor Charles A. Beard, in the New York *Herald Tribune*, termed it the most important work since *The Federalist*. By early 1933, it had been cited in two Supreme Court decisions. *Time* magazine, with its usual hyperbole, described the book as "the Bible of the New Deal." In the *American Economic Review*, the economist W. L. Crum, a paragon of orthodoxy, attacked it for overstating the true degree of economic concentration. In a later issue of the same journal, the more liberal economist Ben Lewis defended Berle and Means, but presciently averred, "It is altogether likely that

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The Modern Corporation and Private Property will be productive of more pronounced and sustained results in the field of law and public policy than in the realm of economic theory." Quite so.

Over the years, the right has generally attacked Berle and Means, both for challenging standard theory and for inviting economic intervention. Yet the ideological import of their work is ambiguous. For the tacit premise is that if shareholder control could be restored, then the market economy might be self-regulating and perhaps distributively defensible after all. Last year in the *National Review*, James Burnham, Jr. (whose father's 1940 classic, *The Managerial Revolution*, built on Berle and Means) observed that six decades of research indeed vindicate Berle and Means's premise that the "separation of ownership and control does adversely affect the performance of the firm," but faulted them for promoting a brand of regulation that failed to empower shareholders.

Berle and Means must be understood as creatures of their time. Most of their research was done before the Great Crash. They were likewise writing before Keynes's General Theory and before the rise of the CIO (Congress of Industrial Organizations). They were indignant primarily at the corporation's failure to serve its shareholders, not its workers. In their view, economic concentration, financial manipulation, and administered pricing were implicated in the Great Depression because they invited speculation, distorted prices, and, hence, retarded economic efficiency. These abuses, however, involved flaws in the law of corporations, the organization of the firm and of capital markets, not the "macro-economic" failure of a market economy to reach its full-employment potential. Though both went on to serve with distinction under Roosevelt, in a sense they were reluctant New Dealers—men who, in theory at least, mourned the passing of a presumed Eden when the real economy more closely resembled the textbook economy, without the need for government intervention. In part, the invocation of that Eden was slyly heuristic—intended merely to hoist classical economics on its own mythology—but the implication of their work is at least as suggestive of restoring market competition and shareholder power as of building a mixed or social democratic economy.

The brand of regulation implied by Berle and Means became one strand of the Roosevelt Revolution. The New Deal did bring securities markets under much tighter scrutiny, it legislated the greater financial disclosure favored by Berle and Means, and it abolished—at least until the 1980s—the kind of financial manipulation they abhorred. It also undid one form of undue economic concentration, namely the ability of commercial banks to use depositor money to underwrite corporate stocks and bonds. The Wagner Act offered something of an internal corporate system of checks and balances, but only in firms that were unionized; an American version of co-determination was never institutionalized in law. But since the American corporation is governed mainly by state law, the New Deal did little to change the structure of the firm itself or the form of its governance. Today, when corporate management is brought to heel at all, it is humbled by mergers or hostile takeovers or brutal pressures of foreign competition, not by mass movements of indignant shareholders, let alone workers. Despite heightened competition, sixty years after Berle and Means, as firms are newly footloose globally, and as mergers are more often contrived by managers than outsiders, the basic dilemma identified by Berle and Means persists: the large corporation remains practically accountable to no one.

Berle and Means also evoke two debates that have raged in the pages of the economics journals. One concerns the sources of economic growth. For the most part, standard economics imagines that growth is mainly a macro-economic problem. Berle and Means, and their heirs in the field of industrial organization, thought it mainly involved whether the financial and industrial economies are efficiently organized—an entirely different variable. A related debate has to do with the preconditions of technological progress—whether it tends to inhere in large, stable firms or small, entrepreneurial ones—of which more

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shortly. Berle and Means are pre-Keynesians of a kind, but they also represent a continuing institutionalist sensibility that wrongly got wept aside when the centrist neoclassicals—what Joan Robinson called "bastard Keynesians"—captured Keynes and crammed him back within the confines of classical economics.

Today, as in the winter of 1932, a new progressive administration prepares to take office amid a new economic crisis; corporations are newly discredited, for their failure to deliver either job security, reliable profits, national loyalty, or "competitiveness." Yet the very word "competitiveness" and the new idiom of debate are conducted largely in the paradigm of markets. Many of the neoliberals around Bill Clinton talk of making government more marketlike and lionize the entrepreneur. Despite the progressivism of *The Modern Corporation and Private Property*, more than a little of this neoliberalism is implicit in Berle and Means. So, sixty years after its publication, it is a good moment to revisit this classic, in light of the history of American progressivism, its shifting philosophical moorings and electoral fortunes. As progressives once again attempt to build a mixed economy, clarity is required about the nature of the enterprise, the first principles, its ends and means.

The Progressive Legacy

To properly locate the legacy of Berle and Means, it helps to recall that twentieth-century American progressivism really divides into two great currents, which are nicely personified by Herbert Croly and Louis Brandeis. The former, in *The Promise of American Life* (1909), saw economic giantism as inevitable in industrial society and sought to turn it to social purposes via government intervention—pursuing "Jeffersonian ends with Hamiltonian means." Croly was the first American progressive corporatist. Brandeis wished, through a rather different set of policy interventions such as antitrust, to restore the discipline of competition and reclaim the sweetness of the human marketplace. Berle and Means straddled this divide; theirs was the rhetoric of Brandeis; the ideal remedy was to restore corporations to shareholder control and to reduce their concentrated market power. Yet given the diffusion of ultimate ownership and the inherent atomization of modern shareholders, they were skeptical that any such remedy could work. As practical reformers, they looked forward to more of a Croly-style remedy, in which nominally private corporations would be operated almost as public utilities, with managers as a technocracy and "public policy rather than private cupidity" deciding where the profits went.

The same basic debate reverberates to this day among American progressives, and its boundaries are far from clear or coherent. Brandeis and Croly represent "ideal types," not pure historical lineages. Ralph Nader, in the Brandeis spirit, has viewed the big corporation as generally malign—big, dumb, out of control. For all the radical populism of Nader's anticorporate rhetoric, his remedies often involve the Brandeis disinfectants of sunlight and competition. John Kenneth Galbraith, in contrast, has viewed corporate bigness as inevitable and perhaps economically functional. With Croly, his remedies have been mainly aimed at taming private bigness, via countervailing government and labor power, not at breaking up concentration or empowering the consumer. Moreover, like Veblen before him, Galbraith has viewed the separation of ownership from control as potentially virtuous precisely because it left managers (Galbraith's "technostructure," Veblen's "engineers"), who prized innovation, free from the pressures of shareholders, who demand quick returns. This is echoed yet again in the recent debate about long termism versus short termism, in which advocates of longer term corporate planning see insulation from financial markets as a virtue. Yet Galbraith and Nader alike look to Berle and Means as a touchstone, signaling us to be wary of the big corporation generally.

By the same token, the Berle-Means message is also ambiguous for the right. In 1993, the National Association of Manufacturers (NAM) may still be a bulwark of blue-chip Republicanism, but it has long ceased to be a hero of conservative iconography. Rather, the hero of theorists like George Gilder and his allies at the *Wall Street Journal* and in the Jack

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Kemp–Phil Gramm wing of the GOP is the lonely entrepreneur. The clarion call of the supply-side right was to sweep out the cobwebs--from the government bureaucracy *and* the Fortune 500. Gilder fully shares Nader's disgust with General Motors. The *Wall Street Journal* welcomed corporate raiding even as the NAM opposed it.

Indeed, if anyone should have embraced Berle and Means as their own Bible, it was the hostile takeover movement of the 1980s. The predicate of the leveraged-buyout crusade, as well as the basis for its moral authority, was precisely the insistence that corporate management was accountable to nobody; that assets were being squandered, managers feathering their own nests, and shareholders getting euchred—pure Berle and Means. Of course, their remedy—using borrowed money to put corporations on the auction block—was not at all in the spirit of Berle and Means; it produced a new round of speculative abuse of just the sort that Berle and Means attacked in the late 1920s. But both Berle and Means, and the apologists for hostile takeovers, begin from roughly the same premises about the putative sovereignty of the shareholder.

A rereading of Berle and Means after sixty years invites some hard first questions, mostly new variations on old themes:

- What, socially, do we expect of the corporation?
- What does it owe society in return for the privileges and immunities it gets from the state?
- To whom should it be accountable? Is greater practical accountability to shareholders sufficient or even necessary?
- Who are its other "stakeholders," and how might they be empowered?
- How does the debate change, given a global economy?
- Are size, scale, and market power necessarily inefficient and antisocial? Or with the right set of stabilizers, are they potentially beneficial?
- What is the relation of size and market power to innovation, growth, and the ability to sustain a social contract with labor?
- And—the punch line—what set of policies might turn the giant corporation to more social purposes in the 1990s?

When Berle and Means wrote, the ills of economic concentration and financial manipulation were very much on the minds of reformers. The 1920s, like the 1980s, were an era of conservative rule, in which antitrust enforcement was weakened and Wall Street invented with regulatory impunity abusive financial devices that allowed new forms of speculation and pyramiding. Means, who earned his M.A. in economics from Harvard in 1927, spent his years as a fledgling economist documenting economic concentration, the related power of corporations to administer prices, and the resulting failure of supply and demand to equilibrate in the manner imagined by Adam Smith and classical theory. Berle, the lawyer of the duo, spent the same years investigating how shareholders were losing power to corporate management.

The match was made in 1928 when Means, then thirty-four, journeyed to New York to direct a Social Science Research Council study on the impact of corporations on society. A co-sponsor was Columbia University law school, where Berle, at thirty-five, was doing work on the diminishing legal rights of shareholders. The two men realized their work complemented one another almost perfectly. As Robert Hessen observed, at a fiftieth anniversary symposium on Berle and Means sponsored by the conservative Hoover Institution (!), Berle and Means, deliciously enough, owe their notoriety in part to General Motors. Their book was originally supposed to be published by Commerce Clearing House, whose parent company had GM as an important client. When a zealous executive read an advance summary of the book, he requested Commerce Clearing House to kill the book in deference to GM. As a result, *The Modern Corporation* was snapped up by Macmillan, and appeared instead as a trade book with a much larger printing. (A quarter century later, GM repeated the blunder when it harassed Ralph Nader, whose successful lawsuit against GM provided the financing for the first generation of Nader's Raiders. GM

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keeps proving Berle and Means's point that huge corporations answer to nobody.)

On balance, the New Deal itself was more Croly than Brandeis. Although antitrust was revived somewhat, the First New Deal accepted the idea that concentration and market power were not necessarily evil, particularly in a depression that saw ruinous competition and falling prices. It took Keynes to observe that the remedy for price deflation was not price-fixing but rather the use of public spending to restore aggregate demand. In the meantime, Roosevelt sponsored the short-lived NRA (National Recovery Act) in an attempt to cartelize industry and stabilize prices. The New Deal also pursued more benign forms of planning, regulation, and industrial stabilization through the RFC (Reconstruction Finance Corporation), which laid the basis for the emerging structure of the economy. All of this was intensified by the Second World War, which at last created a true planning system.

The postwar economy was very much a managerial economy of the sort criticized by Berle, but without the financial manipulation criticized by Means. Financial capital, for the most part, was usefully passive. New Deal banking regulation had separated investment banking from commercial banking. Securities regulation both required extensive disclosure and eliminated most of the financial pyramiding that contributed to the speculation and crash. Relatively high corporate taxation appropriated nearly half of the corporation's social product. But instead of rendering the corporation accountable by dethroning the manager and empowering the shareholder, the liberals of the New Deal and Fair Deal tempered corporate abuse by resorting to what Galbraith would later call "countervailing power."

The postwar boom was the golden age of stable oligopoly in large basic industries. To take autos as the signal example, the big three (GM, Ford, and Chrysler) monopolized auto production and sales; management's power was offset somewhat—not by the shareholders but by the UAW (United Auto Workers Union). There was some discreet fixing of prices and use of market power—but if GM got too greedy it could expect to be slapped down by the Justice Department's antitrust division. Corporation, union, and government co-existed in a kind of equipoise. This American version of corporatism may have done some damage to the "allocative efficiency" imagined by classical economics based on perfectly competitive prices, but it had two substantial offsetting virtues.

First, it allowed a kind of crude social contract. The UAW never quite obtained Walter Reuther's longstanding demand for "a look at the books." But it did give its members virtual lifetime job security, at least until the late 1970s when the Japanese began overtaking Detroit. The workers also got industry-wide master contracts, so that wages would at last be "taken out of competition," a long-standing labor goal, and the further understanding that annual productivity increases would be passed along to workers. In the American version of the welfare state, pensions and health insurance were based mainly on the employment nexus, not on citizenship, so the era of the stable oligopoly also guaranteed workers—at least those in "primary labor market" industries—these benefits as well. All of this dealt workers as well as shareholders in on the profits. However—and this was industry's quid pro quo—unions were refused any "management prerogatives." This left managers ultimately unaccountable and unions largely agnostic about the long-term health of the corporation. It also made many managers lazy, and opened the door to abrupt competition from abroad.

Second, oligopoly (and in many industries, regulation) served to give the corporation relatively stable profits, a time-horizon that permitted a degree of planning, and a respite from ruinous competition. Different industries used this shelter with varying degrees of concern for the long term. In hindsight, it is easy to condemn GM for using its substantial market power to invest in tailfins rather than fuel-efficient engines and to note that U.S. Steel squandered its huge technological lead by investing in open-hearth furnaces that were already technological dinosaurs. But at the time nobody imagined that global competition would be a serious threat. Notwithstanding the

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myopia of many managers, Galbraith's planning system of stable oligopoly was sufficiently conducive to productivity and innovation to generate a long-term annual growth rate of better than 3 percent, as well as a modest steady increase in economic equality for the quarter century between World War II and OPEC (Organization of Petroleum Exporting Countries). Despite its limitations, it was an epoch of steady growth and diffusion of real wealth unsurpassed in industrial history. There is surely a lesson here.

The high prophet of this brand of "imperfect competition" was of course Joseph Schumpeter. It was Schumpeter's great insight that what drives economic growth is technical innovation; the real economic problem, therefore, is the institutional cultivation of innovation, not the perfection of price competition. Classical economics is all about the efficient deployment of resources that results from supply responding to demand via signals embodied in prices. If producers (corporations) have the power to influence prices, they distort these signals, and thus misallocate resources. The monopolist maximizes earnings by raising prices and depressing output—and society is the loser. But standard economics readily admits that this standard view of "allocative efficiency" is static; technology and innovation are not part of the standard story.

Schumpeter objected that the more potent form of efficiency is dynamic and technological; innovation is expensive, and "rents"—excess profits—are needed to finance it. Economic history plainly shows that increased social wealth results from technical progress over time. And in many cases the perfect competition of the textbook leaves producers with too little profit to reinvest in innovation. Read in its context, Schumpeter's best known phrase describing capitalism as "great gales of creative destruction" is not an apology for the institutional chaos of a pure market society but a plea for necessary balance between turbulence and stability.

> Thus it is not sufficient to argue that because perfect competition is impossible under modern industrial conditions . . . the large-scale establishment or unit of control must be accepted as a necessary evil. . . . What we have got to accept is that it has come to be the most powerful engine of . . . progress and in particular of the long run expansion of total output. . . . In this respect, perfect competition is not only impossible but inferior, and has no title to being set up as a model of ideal efficiency. (*Capitalism Socialism and Democracy* (1946), p. 106)

Standard economics grudgingly accepts Schumpeter into the pantheon, but honors his insights mostly in the breach. The chapters of *Capitalism Socialism and Democracy* read with the most approval in economics classrooms today are those celebrating the entrepreneur, not those defending oligopoly. Schumpeter insisted that the two necessarily went together. The dynamic efficiency described by Schumpeter, and its relation to imperfect competition, never became pat of the economic paradigm, for it cannot readily be modeled. The efficiency taught to apprentice economists is still the static, allocative brand. Postwar neoclassical economics did accept Keynes's point that static efficiency should be put to one side when the macro-economy was depressed—one could distort market signals in order to restore output—but the paradigm was largely disdainful of Schumpeter's very different defense of price-distorting "rents" for the sake of innovation.

A few dissenting economists, like Galbraith, as well as students of economic history, technology, industrial organization, and comparative economic systems, accepted the basic insight that large scale and "rents" can often be conducive to Schumpeterian dynamic efficiency *under the right institutional conditions*.

"The size of General Motors," Galbraith wrote, "is in the service not of monopoly or the economies of scale, but of planning." Many American scholars have lately seen economic virtue in the German system, with interlocks between banks and corporations as well as labor-management co-determination, which taken together gives corporate executives close oversight from both workers and financiers, plus insulation from financial pressure to produce quick returns. That, in turn, allows management to plan for the long term, and to invest at something like twice the rate of its American counterparts. It gives workers the social contract that is now absent in the United

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States. To make the point in the idiom of Albert Hirschman's famous construct, German corporate capitalism tolerates giantism, but renders its managers accountable more efficiently—via "voice" rather than "exit." The Japanese Keiretsu system, likewise, offers a Schumpeterian blend of dynamic innovation and rapid diffusion of technical learning, but within an institutional system that is stable and durable. The British sociologist Ronald Dore captures this paradox in the title of his elegant book about Japanese capitalism, *Flexible Rigidity*.

The closest American counterpart was the postwar system of large, stable, unionized, and often regulated oligopolies—the New Industrial State that Galbraith perceived in 1967. Galbraith drew an astute picture of the American corporate capitalism of that era. But that era was already beginning to fade by the time the book went to press. At a 1987 American Economic Association symposium on the twentieth anniversary of *The New Industrial State*, F.M. Scherer, the dean of American industrial organization economists, quipped that rereading Galbraith two decades later, he was struck by how perfectly the book described not the United States but Japan: "In Japan, pecuniary rewards are much less correlated with performance than here; individual employees' goals are especially strongly identified with those of the organization; and technocrats play at least as strong a role in shaping organizational goals as they do here." (*AER*, v. 78, no. 2, p. 381)

Is Big Beautiful?

Thus, to review Berle and Means after sixty years is also to review three long-standing debates in political economy. First, what is the relationship of size, scale, and market power to dynamic efficiency, technical innovation, and growth? Second, how can society best make sure that these benefits are broadly diffused? And third, how does a global economy, in which the market outruns the stabilizing instruments of the nation state, change the conversation? Before turning to the practical policy choices, one must address the theory.

On the first part of this debate, left and right have often switched camps. The business right, for most of this century, defended bigness, both in practice and in theory. The Brandeis left attacked it. In the New Deal era, however, as long as government was in friendly hands and unionism ascendant, corporatism looked to many progressives like a good way of converting giantism to social ends. In the 1980s, it was the supply-side/hostile-takeover right that attacked the large, bumbling corporation as inefficient. From yet another quarter, one major strand of the right—the law and economics school—has attacked antitrust even as it vigorously defends competition, on the bizarre ground that markets are so self-cleansing that any monopoly or price leadership will soon disappear. (Do these people ever try to comparison shop for airline tickets?)

Some on the antitrust left, meanwhile, continued to attack corporate giantism as both inefficient and undemocratic. A good example is the 1985 book *The Bigness Complex* by economists Walter Adams and James W. Brock, a kind of latter-day Berle and Means duo (who, remarkably, never cite Berle and Means). Challenging Schumpeter and Galbraith, but as progressives, Adams and Brock offer hard-to-refute examples of the plain laziness and stupidity of large corporate managers. They note the inefficiency of the once-heralded conglomerate movement. The sort of "planning" pursued by General Motors, they insist, has neither been reliable for workers nor constructive for society. Many on the moderate left, including Seymour Melman, Edward S. Herman, Mark Green—as well as most of the Marxian left—find the modern corporation an affront to productive efficiency as well as to social justice.

However, others on the left have looked longingly at the stable, dynamic, large corporations of Germany and Japan as well as the social contracts they permit. A very provocative example of the latter view is a recent monograph by Maryellen R. Kelley and Todd A. Watkins, *The Defense Industrial Network: A Legacy of the Cold War* (Pittsburgh, Carnegie Mellon University; unpublished, forthcoming from the U.S. Office of Technology Assessment). Kelley and Watkins argue that because of the atomization of American

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industry generally and the American antipathy to planning, the network of Pentagon contractors stands out as of the few oases of planning, in which the security of long-term contractual relationships exists and best-practice manufacturing techniques are diffused from Pentagon sponsor to prime contractor to subcontractors. This contrasts with the general slowness of American small firms to adopt advanced manufacturing techniques. Kelley and Watkins analogize the American system of Pentagon contractors to the Japanese Keiretsu—the intricate web of industrial networks.

The Pentagon, they note, because of its demand for ever more sophisticated weapons, has long been committed to the promotion and diffusion of manufacturing technology. This is a pure case of allocative versus dynamic efficiency; in a static sense Pentagon contracting is as inefficient as the economy gets—the home of hundred-dollar hammers and six-hundred-dollar toilet seats. But despite the long-standing and largely justifiable disgust with Melman's "Pentagon Capitalism," military contracting is one of our economy's few refuges of long-term planning and is clearly a source of Schumpeterian innovation. Still others on the left, such as Charles Sabel and Michael Piore, have insisted that innovation (hence growth) flourishes at smaller scale via a different sort of networking that empowers skilled workers and relies on a kind of updated artesan model.

Within the economic priesthood, there has been for the most part a studied ignorance of the relationship of size, economic concentration, technical innovation, and growth. The great economic historians, such as Alfred Chandler, have pretty well demonstrated what Schumpeter inferred—major innovations have been made by large firms that enjoyed market power, economies of scale and scope, and thus an ability to reconcile the creation of the industrial lab with respite from the destruction of pure price competition. However, most economic theory has treated technology as a "black box." In economic parlance, innovation is "exogenous"—the main economic problem is allocative. The wellsprings of innovation are unknowable, at least by economists.

Yet another body of work, pioneered by economist Oliver Williamson, elegantly pursues the theoretical implications of the obvious insight that the marketization of every transaction is not exactly costless to the firm—otherwise everything would always be contracted out. But contracting out—buying rather than making—leaves the firm vulnerable to uncertainties, incurs transaction costs, and risks sharing knowledge with suppliers who may not be loyal. Quite apart from the traditional notions of economies of scale and scope or market power and rents, Williamson's theory of transaction costs supplies yet another rationale for why bigness may be functional and not just Adam Smith's case of merchants conspiring against the public.

A landmark 1988 essay in the *Journal of Economic Literature*, by Giovanni Dosi ("Sources, Procedures, and Microeconomic Effects of Innovation," *JEL*, Sept. 1988, pp. 1120–1171), reviewed every major work exploring the relation between scale and innovation and concluded that to simply ask whether large size and market power facilitates technical advance poses too simple a question. Context is everything. Apparently, in some systems and some industries large scale and oligopoly pricing power are conducive to technical progress; in other circumstances, innovation thrives on atomistic competition. In agricultural research, for example, small scale and atomized production did not provide fertile ground for research into productivity-enhancing hybrid seeds, fertilizer, machinery, and so on; it took the U.S. Department of Agriculture to overcome this market failure. Dosi proposes that "appropriability"—the likelihood that the innovator will capture most of the fruits of innovation—helps explain whether size is conducive to innovation. Citing the work of Richard Nelson, Dosi notes that the process of innovation involves differing combinations of "proprietary and public forms of knowledge" that vary according to the conditions of different industries. Software innovation may thrive in an Adam Smith–style economy of thousands of independent producers; aircraft innovation may require oligopoly, market power, and government presence if not govern-

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ment regulation. The "Schumpeterian hypothesis" that innovation correlates with bigness is evidently valid for some industries, not for others. Public policy cannot afford to ignore these conclusions, for the wrong kind of antitrust policy, the wrong kind of technology policy, the wrong kind of deregulation, the wrong policy toward intellectual property, the failure to recognize the unacknowledged impact of the cold war on technological innovation will all have negative effects on American prosperity. Studied indifference to issues of innovation in the name of "free markets" is also a policy.

How to Intervene

In the sixty years since Berle and Means wrote, the debate has come virtually full circle. It began with their observation that abuses in the financial sector and a lack of accountability on the part of managers left corporations operating inefficiently and without their presumed social virtue. During the postwar era of stable oligopoly, many analysts concluded, with varying degrees of enthusiasm or regret, that the large corporation could be beneficial after all, at least as long as it was tamed by a combination of government and union power.

But today we are back to the worst of all worlds. Whatever the security and room for innovation provided by the era of oligopoly, they are now long gone. A combination of global competition, footloose capital, deregulation, and the shrinkage of military contracting leaves even the mightiest corporations without security in which to plan for the long term. This is true of global corporate capitalism generally, but is particularly true of its American variant. American corporations today are seeking shelter by cutting wages, fleeing the country, and using gimmicks to resist discipline by their shareholders. Unlike Europe and Japan, the United States has neither state interventions in the manner of the French, the bank-industry interlocks in the fashion of the Germans, nor the Keiretsu of the Japanese.

The industries that used to enjoy stability thanks to regulation—airlines, telephone companies, trucking, broadcasting—have now been cut loose to compete in the marketplace. The monopoly rents that allowed firms like AT&T to invest in long-term innovation by subsidizing Bell Labs or the regulation that allowed the airlines to subsidize the development of new generations of jetliners by making long-term purchase commitments to Boeing and Douglas have evaporated, too. The long-term security enjoyed by defense contractors is also disappearing. Even large firms like IBM, which enjoyed shelter from ruinous competition as scientific "first movers" with large-scale market power and proprietary technology, are being nibbled to death as advanced products become more like commodities. Almost anybody can throw together a 486-level computer from available parts and break IBM's price.

Consequently, the social contract that flourished in the shelter of oligopoly has now dissolved, too. Once the large corporation offered hierarchy and conformism—but pretty reliable job security as compensation, for white- and blue-collar workers alike. This was the hallmark of what Michael Piore and Peter Doeringer were the first to dub the "primary labor market." It offered middle-class pay, stable employment, career ladders, fringe benefits, and, above all, job security. If you did your job reasonably well, the job would be there tomorrow. Not everyone was employed in the primary labor market, but those who were at least received these benefits. And in Europe and America of a quarter century ago, there was the hope that the primary labor market would gradually expand to cover more and more workers. Today, the world has been turned upside down. Virtually no employee of a large corporation has job security.

Celebrants of the new competition insist that all of this uncertainty must be forcing the corporation to become leaner and more productive. But in some weird alchemy, all of the cost-cutting fails to add up to a wealthier society. As if to prove Schumpeter right, the allocative efficiency of increased competition has put a damper on profits and reduced the economy's ability to generate dynamic efficiency over time. Private investment, public investment, and research and development outlays all declined during the 1980s. Productivity growth stagnated. In addition, as the society has become more marketized, the gains

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of productivity have become more unequally distributed. MIT economist Paul Krugman calculated, from government data sources, that fully 70 percent of the income gains during the 1980s went to the top one percent of the population.

Finally, despite the giddy experiments of the 1980s attempting to make managers accountable by threatening or consummating hostile corporate takeovers, the result was no improvement in either productivity or accountability. Most studies have shown that leveraged buyouts enriched mainly their promoters. In a majority of cases, they spiked share prices only temporarily, added a huge burden of debt to the acquiring firm, and left the target firm leaner and meaner—which often means stripped of assets. In other cases, involving management buyouts, the takeover mainly provided windfalls to the incumbent executives—pure Berle and Means, still again.

So, what is to be done?

There are really several distinct issues here. First, to echo Schumpeter, how do we restore a degree of stability to corporate America, so that firms can plan and innovate? If investment in technology is not adequate at the level of the firm, because of accelerated competition, to what extent can investment in technology be socialized without depressing the incentive for proprietary innovation?

Then, to echo Berle and Means, how do we make sure that these same corporations serve a broader interest than that of their current executives? Does this mean more worker ownership? More empowerment of shareholders? Or the recognition of new classes of "stakeholders," including communities and employees?

And given the new globalization of the corporation, what does the modern business firm owe its country of origin, and how shall that host country enforce its will? As Robert Reich asked, in a famous *Harvard Business Review* essay, "Who Is Us?": does the ostensible nationality of the corporation really matter, as long as it is providing jobs here rather than there?

These questions, like the ones posed early in this essay, would require a substantial book to answer properly. But for now let me at least sketch a map. We must first consider the dilemma that most vexed Berle: the issue of who was properly entitled to all of the social wealth generated by managerial capitalism.

Distribution. Berle himself, writing in 1967 in an introduction to a revised edition of *The Modern Corporation and Private Property*, at the peak of the postwar boom, asked, "Why have stockholders? What contribution do they make, entitling them to half the profits of the industrial system, receivable partly in the form of dividends and partly in the form of increased market values resulting from undistributed corporate gains? Stockholders toil not, neither do they spin, to earn that reward. They are beneficiaries by position only" (xxiii, revised edition).

Berle's answer, which now seems naive and dated, is that the increasingly broad distribution of shareholding suggested a possible social defense of shareholder income. He cautioned: "But that justification turns on the distribution as well as the existence of wealth. Its force exists only in direct ratio to the number of individuals who hold such wealth. . . . Ideally, the shareholder's position will be impregnable only when every American family has its fragment of that position. . . ." (*ibid.*)

This seemed plausible enough in the 1960s, as it did in the 1920s when the "American Plan" of profit sharing and stock bonuses was offered as a more individualistic brand of populism, and when "people's capitalism" was genuinely on the march. In the 1960s, writers of diverse ideological outlook saw the seeds of egalitarianism in the modern corporation and its increasingly broad base of "owners." The English economist Robin Marris, in *The Economic Theory of Managerial Capitalism* (1964), emphasized its benign paternalism relative to its employees. His countryman, the social democrat Sir James Meade, writing at about the same time, posed in *Efficiency, Equality, and the Ownership of Property* (1965) the practical egalitarian policy choices for the mixed economies of the West as these: a redistributive welfare state (too bureaucratic and requiring too high a tax burden), a trade union state (the unionists would bargain too hard for wage increases that would be inflation-

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ary and that would eat society's seed corn), and a "property-owning democracy" of broadly distributed shareholding wealth (Meade's own favorite). The management consultant and philosopher of capitalism, Peter Drucker, proclaimed in 1967 that "pension fund socialism," virtually unnoticed, had already arrived. At about the same time, Louis Kelso, part crackpot and part seer, proposed a blueprint to carry out Meade's vision. All workers would be paid a "second stream" of income derived from partial ownership of their companies; as time went on, they would earn wealth increasingly as shareholders rather than wage earners. This approach Kelso dubbed "two-factor" and later "binary" economics.

It is intriguing to look backward a quarter century and ask why all of these visions of people's capitalism misfired. The overarching flaw in the vision is that capital income turned out to be too good to share with either workers or citizens. Why share, when you had the power to keep it for yourself? The benign utopia of people's capitalism left out power. Capitalism itself, unless leavened by a very powerful social democratic welfare state and a strong labor movement, has exactly the predisposition to economic concentration (from which flows political concentration) that Berle and Means discerned in the 1920s. Even Sweden, where social democrats know a thing or two about the power of capitalism to undo the compromise of the "Third Way," the Meidner plan, which proposed wage-earner funds held in the name of workers, providing an income stream for workers, but not able to be sold or speculated upon, was approved only in a very truncated form.

Drucker's "pension fund socialism" was a mirage in two respects. Pensions, as fringe benefits, were *voluntarily* offered by managers when times were good and unions were strong. As soon as growth slowed and unions were bashed, after 1973, pensions began to be cut back. And thanks to the informal "Wall Street rule"—that institutional holders of shares (such as pension funds) customarily vote with management or sell their shares—this immense corporate wealth ostensibly held on behalf of workers did not lead to a shred of increased worker control. This was yet another facet of the separation of ownership from control, not in existence when Berle and Means wrote, but perfectly in character with their broader insight.

As for Kelso, his onetime friend George Roberts was quick to perceive that Kelso's idea of using tax-sheltered loans to acquire stock for employees was far too clever a capitalist device to squander on the workers. Roberts instead joined Henry Kravis and Jerry Kohlberg to form KKR, one of the pioneers of the leveraged buyout. KKR basically adopted Kelso's idea and kept it for Wall Street. Kelso, meanwhile, persuaded the late Senator Russell Long, a quasi-populist, to write a tax preference for Employee Stock Ownership Plans (ESOPs). But, in practice, ESOPs became mainly a device to help management raise tax-sheltered capital and occasionally to fend off hostile takeovers. Only a tiny fraction of the nation's thousands of ESOPs are employee controlled, and ESOP earnings are equal to less than 1 percent of total wage and salary earnings in the United States.

Further, the idea of worker-owned or worker-controlled corporations has proved thus far a chimera. For the most part, worker buyouts have been entertained by management only when a firm is in extremis. Not surprisingly, this variation on lemon socialism usually fails. It is alien to the culture of American capitalism. Neither our managers, our unions, our banks, nor our structure of corporate law are set up to facilitate worker-owned firms.

How, then, to spread corporate wealth? For one thing, we could legislatively mandate profit sharing. We could require companies to offer loot-proof pension funds, and we could properly regulate them. Better yet, we could solve the problems of looting, vesting, and portability by adding a second tier to Social Security retirement and socializing pensions entirely. We could change ESOP law to reunite control with nominal ownership. We could restore the 50 percent tax rate on corporate profits that obtained during the postwar boom.

Control. The matter of how to render

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managers accountable, and to whom, is a conceptually distinct problem. We have seen that one remedy, the hostile corporate takeover, whose litmus of legitimacy was that it would "maximize shareholder wealth," was a fraud. Its main financial beneficiaries were the promoters. On a day-to-day basis, managers did not become more accountable, only more insecure. And the threat of hostile acquisitions spawned a whole dialectic of abusive strategem and counter-strategem, from poison pills to golden parachutes, none of which maximized either accountability or shareholder benefit.

There are four other candidates as instruments of accountability: the workers, the government, "the community" (sometimes represented by outside directors), and the corporation's bankers. It will come as no surprise to readers of *Dissent* that the leading candidate to whom managers should be accountable are the corporation's employees. The work force often gets a bum rap as seeking to maximize wages at the expense of investment. This argument is used as a defense of "management prerogatives" in union contracts and as a postmortem on the demise of Yugoslavian syndicalist socialism: you just can't trust workers to look to the long term. But logically, it is the worker who cares most about whether the company is around in a decade, not the shareholder, who is free to sell out at a moment's notice. It is only in the context of a total *lack* of authority and responsibility that union locals emphasize wage gains rather than the long-term health of the enterprise.

The German and Swedish models of codetermination provide convincing proof that worker involvement in management is not only a good local form of managerial accountability (workers, unlike outside directors or shareholders, really know what questions to ask managers). Coupled with a modicum of job security, codetermination also gives workers the confidence to share with managers the "tacit knowledge," in Michael Polanyi's term, that can unlock a great deal of productivity.

Government, which is to say, public policy, can be a check on the arbitrary power of managers. Antitrust can be rehabilitated. Ralph Nader in the early 1970s proposed an overhaul of corporate law, requiring very large corporations to be federally chartered. These charters, unlike those of Delaware and its imitators, would require more disclosure and give far more power to outside (nonmanagement) directors; they could include codetermination as well. Government can also change tax rules to discourage exorbitant compensation to executives, and to encourage long-term shareholding. Government's own large pools of capital, notably the Social Security trust funds, which are now invested exclusively in the government's own bonds, could be invested more pro-actively.

One form of accountability that has been proposed, and which mostly has not worked, is greater accountability to the institutional investors (pension funds, insurance companies, mutual funds). The trouble here is that the fiduciary goal of an institutional shareholder is to maximize short-term wealth. And when some pension funds have tried to get involved with management, the result more often than not has been to increase pressure for dividend payouts. The remedy here is not to turn institutional investors into monitors of management but to insist that they fulfill their logical role as sources of "patient capital," by conditioning their tax status on long-term holdings.

Outside directors can help serve as a check on management to some extent. In the recent GM crisis, they forced out a chief executive. But because their objective remains profit maximization, outside directors (unless elected by workers or communities, or appointed by government) are poor candidates for insisting that corporations operate in a broader public or social interest. The GM outside directors have been a force for even more merciless cost cutting, plant closing, and employee layoffs.

The idea of overcoming "short-termism" by making corporations more accountable to their shareholders—specifically by energizing their dormant boards of directors—has lately been the subject of intense study in the business schools and on Wall Street. Ira Millstein, a prominent Wall Street lawyer and crusader for reform of corporate governance, has argued that the dominance of institutional investors

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can be turned into a virtue by regulatory changes that would allow them to play a more genuine role as the corporation's real owners. Millstein wants these big institutional investors, which own about half of all corporate stocks, to hold large blocs of stock for the long term, "provide patient capital and oversight, and selectively engage in corporate governance." Millstein was a leading member of the Cuomo Commission on Competitiveness, whose recommendations embrace this sort of remedy by calling for SEC regulations giving greater power to corporate outside directors.

In the same spirit, a recent Twentieth Century Fund *Report on Market Speculation and Corporate Governance* called for a strategy of "relational investing"—the cultivation of long-term holdings by major shareholders "from industry itself or from the institutional fiduciaries" (pension funds, insurance companies) who would be "encouraged to take larger positions, in far fewer portfolio companies, and to hold them for much longer periods of time." The Twentieth Century Fund task force cites Berkshire Hathaway, the almost legendary investment/holding company run by Warren Buffett, for its constructive, long-term relationships with the companies whose stocks it held, such as Coca-Cola, GEICO, the *Washington Post,* and so on. The task force also offered several other generally constructive recommendations, including a steeply graduated capital gains tax, to reward long-term holding.

In a background paper prepared for the task force, Yale economist Robert J. Shiller, a distinguished critic of the hostile takeover craze, asserted, "With the renewed concentration of investment holdings among institutional investors, the control could, in principle, pass not to the ultimate owners, but to professional representatives of the owners. The use of institutional investors may thus herald an end to the problems that Berle and Means described. There may now be reason to think that institutional investors have more things on their minds than the purely speculative considerations that some have argued dominates their thinking." However, as Shiller goes on to point out, "The average institutional investor sells 40 percent of its stock holdings within a year's time of purchase."

Although relational capitalism beats the promiscuous kind, and the recommendations of the Twentieth Century Fund Task Force, the Cuomo Commission, and kindred groups are certainly benign, they do not go quite far enough. For one thing, most institutional investors are not interested in going steady with their portfolio investments. They are precisely not banks, but players of markets. To make them over into banks would require not just changing the regulatory and tax incentives in favor of longer term holding (which is good), but transforming them institutionally.

In the German system, bankers are the real agent of corporate accountability. As majority corporate shareholders, German bankers supervise managers, hire and fire them, and restructure firms when they get into difficulty. However, German bankers, unlike their American counterparts, have a sense of stewardship and paternalism that contrasts radically with the go-go banking of recent years in the United States. There is currently a debate about whether to repeal the New Deal wall between commercial and investment banking and let commercial banks underwrite and even own corporate stock. Some liberals, such as Ron Chernow, have argued that if carefully done this would strengthen banks and give corporations new sources of badly needed capital. I remain skeptical. It is very hard to import the culture of German or Japanese capitalism. Had banks been allowed to speculate in corporate stock, in addition to third-world loans and real-estate deals, the bailout bill would likely be twice as big as it already is.

Innovation, Regulation, Scale. Clearly, there are some industries that need big corporations in order to innovate and compete globally. Aircraft is a good example, as is telecommunications. Such industries are linked closely to governments, either for defense purposes or because of logical economies of scale and requirements for huge capital outlays.

To replace the cold war stimulus to technology, the new administration needs a technology policy—several policies, really. This could include everything from a "civilian DARPA," to industrial extension, to civilianization of the national laboratories, to selective relaxation of the antitrust laws to allow more of what the

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Europeans call "pre-competitive research." Clinton and Gore are already quite sympathetic to this approach. We also need to consider using public investment not just as a tool of macro-economic stimulus but also as a tool of micro-economic innovation, especially in the technology-intensive areas where military spending will continue to dwindle as a source of "technology-push." High-speed rail is a good case in point, as is advanced optical fiber telecommunications.

These public investments can provide returns that are partly private, partly social. There is already a program at the national laboratories, under 1989 legislation that allows Cooperative Research and Development Agreements (CRADAs), under which both public sector and private corporation contribute to a joint research project. The private cosponsor enjoys the exclusive right to license any jointly developed new technology for a period of years, the precise terms to be negotiated case by case, but the technology is permanently owned by the government and will eventually be licensed to competitors. Many variations on this theme are possible. Even in a very capitalist country, the costs of innovation can be partly socialized; and after the fact they should be widely diffused in order to enhance the productivity of the economy generally.

This also suggests the need for re-regulation of at least some industries. The effect of airline deregulation, for example, has not only left the traveling public with a bewildering blend of intermittent bargains and more usual cases of outright gouging. It has produced a weird oscillation between price fixing and ruinous competition, leaving most airlines in the red and re-creating the airline cartel, but without either the security or the policing of rate and route regulation. In Schumpeterian terms, perhaps the most serious consequence of all is the drying up of customers (airlines) for aircraft manufacturers' new generations of more fuel-efficient planes. Re-regulation would leave airlines, passengers, workers, and aircraft producers better off. The same may be true of telecommunications.

Trade and Labor. The knottiest issue of all, in a globalized economy, is how to negotiate a social contract that stays put. Robert Reich and Ira Magaziner, at this writing two of Clinton's top economic advisers, have long argued that Americans must learn to work smart or they will be compelled to work cheap. Neoliberalism offers a high-skill, high-flex economy as the alternative to the old-style, confrontational (and presumably unionized) workplace. But this is another false choice, as suggested in two of the best recent books on workers and global competitiveness, Irving and Barry Bluestones' *Negotiating the Future*, and Ray Marshall and Marc Tucker's *Thinking for a Living*.

The Bluestones and Marshall and Tucker are, of course, entirely pro-union. Both books suggest something of a new social contract, in which unions and workers commit to a new flexibility, a willingness to absorb changing technologies, and a new commitment to the profitability of the enterprise—and managers commit to stop bashing unions. After all, the elaborate and widely demonized work rules that now take up hundreds of pages in modern labor contracts were not inserted there because unions like red tape. Workers like new machines and new skills—when they are the path to higher wages rather than layoffs. The elaborate rules are there because they were the best available defense against management's taking advantage of technological changes to undercut workers' wages, job security, and bargaining power. A new social contract must work both ways.

This new brand of contract will work best in a unionized environment, because a union is necessary to guarantee the worker's side of the bargain. A great deal of the recent business school literature on empowerment, total quality management, employee involvement, and so on, is the counterpart of pensions pre-1973—that is, something unilaterally extended by management that can be unilaterally rescinded. Although the new management literature celebrates the empowered worker, little of it calls for a true shift in power. That can be accomplished only in the context of codetermination, as well as labor-law reform that ends the one-sided union bashing and fulfills the promise of the Wagner Act by allowing unions the freedom to organize without management retaliation.

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However, in the newly turbulent global economy, a social contract in one company is as elusive as "socialism in one country." Even a manager with the best will in the world—and the best union—cannot guarantee that the company will be in business next decade, or even next year, to reciprocate the workers' loyalty. The larger social contract is the responsibility of government.

For that matter, even the government cannot guarantee that particular corporations will stay in business. But it can do a number of things. Government can legislate codetermination, so that managers are accountable to workers, and genuine profit-sharing, pension entitlement, and shared ownership to redeem the promise of Meade and Kelso. It can prohibit plainly abusive and anticompetitive corporate practices. It can commit to a program of high growth and full employment, so that the process of creative destruction does not come entirely at the expense of workers and so that technological shifts lead to new skills and new opportunity rather than to idleness. Government can design a system of apprenticeship and school-to-work transition and lifetime learning, recognizing that all of these will make sense for the individual worker only in the context of full employment. Government cannot prevent corporations from building factories overseas, but government does not have to subsidize them.

Unless we opt for purely defensive protectionism, there remains the risk of the footloose corporation exporting jobs. But here government is not without strategies either. First, trade policy can demand reciprocity, so that other nations wishing to sell in our markets open their own markets to U.S.-based companies and do not pirate U.S. proprietary technology. Free trade is much less harmful when there is a genuinely level playing field. Second, American leaders can enlist other industrial nations in a program of global high growth and debt relief for poor nations and those of the former Soviet bloc, so that these nations become markets for American exports. And U.S. policy can insist on a global social-market economy, based on the principle that pay should roughly match productivity wherever products are made and that environmental and labor standards of products exported to the United States should approximate U.S. norms.

These last strategies will raise purchasing power in the third world. That, in turn, will remove the artificial incentive for corporations to go where the cheap labor is, while still allowing a normal diffusion of technology and industry. It will also give more third-world workers the fruits of their own labor, and give them the wherewithal to purchase products made in the U.S.A. The answer to the question, "Who Is Us?"—who is an "American" company?—is any company, regardless of its ultimate ownership, that provides jobs in the United States, does not discriminate against U.S. employees in its hiring and promotion to management, and does not adopt nationalistic strategies to keep the best jobs and most advanced technologies in its home country. Other nations negotiate "content" agreements when U.S. companies sell products within their borders, assuring that those sales generate some domestic jobs, and we can do likewise. Globalization makes the business of taming the giant corporation more difficult, but not impossible. If we are to have "free trade"—that is, relatively open commerce—among nations with different competitiveness strategies and different levels of wages and living standards, such commerce must be predicated on a common social charter and on worldwide high growth. Otherwise, it will produce what Brandeis called a race to the bottom.

It is not all that difficult to imagine policies that insist on a social return from the corporation. The hard part is winning their enactment. Who is the constituency for such a set of policies? Unions, of course—both as the most immediate counterweight to corporate power and as broader political actors in society. It is testament to the basic conservatism of Berle and Means that, for all their progressive egalitarianism and decency, the word union never appears in *The Modern Corporation and Private Property*. □

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Daniel Bell

BEHIND THE EUROPEAN CURRENCY CRISIS

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The European currency system today is in a shambles, the expectations of a unified monetary structure shattered. The paradox is that on January 1, 1993, all restrictions on the movement of capital within the European community were supposed to be lifted. That movement was also supposed to flow along the smooth track of a managed system that would provide stability through the fixed parities of each currency—the mark, the pound, the franc, the lira, and so on—to each other. By the end of the decade there was even supposed to be a single unified currency for all of Europe, replacing the different national currencies. Now all that is gone. In one chaotic month of September 1992, it all broke up. What happened and what does this mean for the future of Europe?

The European currencies were managed through the Exchange Rate Mechanism (ERM), called colloquially "the snake." This was supposed to maintain a fixed relation of each currency to one another in order to provide stable expectations for exchange rates for those buying and selling goods and services within Europe. The variations between the "strong" currencies, such as the German mark and the English pound, were supposed to vary by only 2 percent; between the mark and the Spanish peseta by 6 percent.

But these ratios were already six years old, and most analysts felt they were inappropriate. When England joined the ERM in 1990, it did so at a high rate of the pound to the mark, which indicated that the pound was highly overvalued. But Britain felt that it wanted a "strong" pound. That was, in retrospect, a fatal mistake.

The immediate "trigger" for the collapse was that the German Bundesbank set its interest rate at 9½ percent, almost three times higher than one could get, for example, in the United States. Not surprisingly, investors around the world sought to buy German marks and deposit these, for the higher interest, in German banks. Not surprisingly, either, the price of the German mark rose quickly as traders had difficulty buying German currency. Because of "the snake," the price of other European currencies, in relation to the dollar (since all commodity prices are denominated in dollars), also rose. Sterling, for example, went to $2 for the pound.

Germany had increased the interest rate to discourage demand within Germany, by making it more costly for individuals and business firms to borrow money. What the Germans wanted to do was to "deflate" their economy. But other countries, such as Great Britain, would have to raise their interest rates to halt the outflow of the pound and keep their currency attractive to investors. With Britain in a deep recession, the last thing that its political leaders wanted to do was to discourage domestic spending by raising interest rates.

Although the greatest attention during September focused on Great Britain, the first steps in the "domino" process were taken, actually, by Finland, which, at the beginning of September, announced that it would let the markka, its currency, fluctuate against others, effectively devaluating it. But devaluation is a competitive weapon.

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Currency devaluations are crucial for European currencies (as against the United States, for example), for these countries, like Japan, depend heavily on imports. Devaluation raises the price of foreign goods, bringing higher living costs and inflation.

Because of the move by Finland, the Swedish krona fell, and the Swedes initiated a series of sharp increases in the interest rate to dampen fluctuations and build a wall around its currency. At one point, Sweden increased its base lending rate to 500 percent, almost shutting down its economy.

The more direct step that unhinged the European system was taken by Italy, which devalued the lira by 7 percent. England, struggling to maintain parity with the mark, raised its base lending rate to 12 percent and then to 15 percent, creating huge pressures on real-estate mortgages and borrowing costs for business, actions that economically and politically created so great a set of shocks that England finally withdrew from the ERM and let the value of the pound fall. As the "domino effect" continued, Spain and Portugal took the more direct steps of establishing overt currency and capital controls to set up protective walls and choke off the flight of capital for individuals seeking to unload those currencies. All through this time, the German Bundesbank stood like a rock, lowering its interest rates only once (by a quarter of a point) to help the French government, which was facing a referendum on Maastricht.

Maastricht was the treaty that was supposed to create a political framework for a united Europe. The first steps were supposed to be a move toward a common currency by the end of the decade. But this was predicated on the proposition that each country would align its economic policy toward each other in a move toward convergence and a common European interest. Yet what the events of September showed was that contrary economic pressures had forced each nation to defend itself and to adopt divergent economic policies.

These have been the immediate events and effects. But is there some broader conceptual framework for understanding what happened, one that can help us understand and interpret the larger movements within the emerging global economy that will be in place by the end of the century?

Let me put forth two theorems that may provide the foundation for such a framework:

1. *Economics today is the continuation of war between countries by other means.* The famous German geopolitical theorist Karl von Clausewitz said that war is the continuation of politics by other means; in short, when political differences became irreconcilable, wars break out between countries. But today, war between the advanced industrial societies, in the sense of military weapons, has little purpose, for there is little to gain in respect to security or resources from such attempted conquests. The field of battle becomes economics.

2. *In the global economy, where the technologies of communication make it possible for capital to flow around the world in "real time," once a pivotal economic decision has been made by a paramount power, the logic of the market will override the efforts of any subsidiary countries to counter such decision by their own powers or controls and force these countries to yield to the power of the markets.* In Europe today, as the events of Black September have demonstrated, Germany is the paramount power.

The currency debacle that destroyed European monetary unity arose for the simple reason that when the "moment of truth" arose Germany put its own national interest above all others. And this the German Bundesbank was forced to do when the German Chancellor, Helmut Kohl, put his own party's interest above all others.

The problem began with the German unification, when Kohl made the mistake of placing too high a value on the East German mark in buying out that currency. The huge amount of marks now available for the goods-starved East German population created a huge increase in demand, so much so that the money growth in Germany began running at about 9 percent a year, as against the target of 5 percent. Equally, the cost of reunification in subsidies and welfare payments is estimated at about $130 billion a year.

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Kohl decided, for political reasons, not to raise taxes. In consequence, there was a huge increase in borrowing and a massive rise in deficit spending, so that inflation rose to 3.5 percent a year. For almost any other country in Europe, 3.5 percent would be quite low. For Germany, given its traumatic memories of past inflations, this was high. As a German bank official stated: "We don't see interest rates as do many people in the United States or in Britain, as a way of influencing unemployment or stimulating business activity. We see it as a tool to keep money sound and the rate of inflation low." So it was perfectly logical for the Bundesbank to raise the interest rate to 9½ percent as a way of dampening demand or, in effect, to be deflationary.

But given "the snake," Germany was, actually, "exporting" its deflation to the rest of Europe. By forcing the other countries in "the snake" to raise their interest rates too, it was forcing Great Britain and other countries in Europe to adopt a deflationary policy at exactly the wrong time for them.

To all this there is a great historical irony. For in the early 1970s, by the system of managed currencies at that time—the Bretton Woods agreement—the United States exported its *inflation* to the rest of the world. This was during the Vietnam War, when the costs of the war kept spiraling. But Lyndon Johnson, and Richard Nixon who followed him, did not wish to pay for those costs by increasing taxes, because they feared a popular reaction from a hesitant people who had begun to question the war. Thus, the United States began borrowing heavily and printing money. In effect, it was paying for the war by cheapening the value of the dollar through inflation. But as all world commodity prices were—and still are—denominated in dollars, it was also exporting its inflation to the rest of the world.

In 1970, France demanded that the United States redeem the dollars held abroad in gold, which was written into the Bretton Woods agreement, where the United States had pledged to convert dollars into gold for foreign central banks at $35 an ounce. But when the United States reneged on the pledge and President Nixon closed the gold window, the Bretton Woods system of pegged exchange rates collapsed. Currencies were allowed to float freely.

The inflation initiated by the United States at that time almost wrecked the world economy. It took more than ten years and an interest rate of almost 20 percent to break the recurrent inflationary expectations that had fed on the distrust of government, and to wring double-digit inflation out of the system.

The European Exchange Rate Mechanism came into effect to provide a new stability by the managed parities of the European countries within a narrow range. But when the German actions would have forced deflationary policies on Great Britain, Italy, and other European countries, they defected and the ERM system collapsed. In both instances, that of the United States in the 1970s and Germany in the 1990s, the national interest, and within that, the domestic political interests, came first.

The deflationary pressures initiated by Germany may not have as sharp an effect on other countries, since Britain and the others took quick defensive action by devaluation. Yet if some of the economic effects have been mitigated, there is still the political "fallout" in the breakup of European political unity and the postponement, if not the demise, of a single European currency.

Much of the turbulence in the world currency markets has been blamed on "speculators" and securities firms and trust funds. This has been called "casino capitalism," as if all currency markets are a gambling casino. To some extent they are, but this is to misread the inevitable role of markets. In a minor sense, speculation is a "hedge" against a future change in the values of assets or the future prices of commodities that one may need to buy, or the value of currencies sold but for which payment has not been received. In the larger sense, given the logic of the market, such "speculation" is simply the rational behavior of money managers dealing with risks and the protection of their assets.

If Germany increases its interest rates, money is going to flow to where it gets the highest returns. England may have been obliged to increase its interest rates, as it did

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for a short while, but it is only prudent for money managers to be skeptical and change the asset allocations in their portfolios to reduce the proportion of sterling-based investments.

Against the pressure of markets, nations have four options: to increase their interest rates in tandem with the paramount power, but also to accept, in this instance, the deflationary consequences; to almost shut down their economy to deter speculation, as did Sweden in raising its interest rates to an unheard-of 500 percent; to introduce capital and currency controls, as did Spain, Portugal, and Ireland, but this is, with modern communications systems, inherently porous and can only be temporary; or to devalue, as did Italy and Great Britain. The "bets" made were that devaluation was the logical choice; and that was right.

Yet to blame Germany alone is to miss the larger context of responsibility, which is the world recession itself. The basic fact is that in the 1980s almost every advanced economy was living beyond its means by perilously inflating its assets or by going heavily into debt and borrowing from the future. Japan and the United States are two major instances in point.

In Japan, the banks were using the inflated rise in real estate prices to count as assets to inflate their own portfolios in order to increase loan money at home (often for further rises in real-estate prices) or to use as capital for purchases abroad. The situation became so perilous (especially as many banks would be unable to meet the new international capital requirements set by the Bank for International Settlements) that the Ministry of Finance stepped in to prick the balloon of the "bubble economy," though it miscalculated its ability to control the steep decline in the stock market and the assets of the banks, thus plunging many into deeper trouble than it had expected.

In the United States, the debt-fueled boom of the Reagan years resulted in such heavy borrowing that at one point last year the amount of debt in the country reached 130 percent of the Gross Domestic Product. The increase in the government's budget deficit was so great that 20 percent of the budget simply went for interest payment, had reduced the savings and investment rate by half. The picture was equally true of Sweden.

The misfortune of the German actions, seeking to protect their country from the rising domestic unrest, was that the deflation they were initiating to stop their own inflationary rise came at a time when the other European economies, which had already gone through a deflationary cycle, in some instances had begun to need a fiscal stimulus to begin recovery. Harmonization and convergence of policies are nice words but have little meaning when countries are in contradictory situations to one another, especially when all are in a worldwide recession.

What, then, of the future? In Europe, the European Economic Community remains, and by 1993 there will be a common market of almost 360 million persons, as the tariff and other barriers between the nations fall. England, though it has decamped from the Exchange Rate Mechanism, is still, and increasingly, oriented toward Europe. Twenty years ago, 31 percent of its trade was with European Community nations; today it is about 54 percent. The "special relationship" with the United States was a consequence of World War II and the cold war, but that political relationship is now changing as the United States no longer feels a responsibility for Europe, and the American troops there are being withdrawn. Europe no longer wants the presence of the United States, now that the Soviet threat has receded.

In Europe, the German mark has emerged as the single strong currency, and there is talk of a "two-track" system wherein a core group of currencies—of Germany, France, and the Benelux nations (Belgium, the Netherlands, and Luxembourg)—will remain as a "managed" group in relation to the mark.

In world markets, the dollar has cheapened, giving U.S. exporters, for the while, a price advantage. But the larger question is the ability of the dollar to remain as the single denominated currency for world commodity prices. Already the large Dow Chemical company has taken the step of denominating its sales outside the United States in German marks.

President Bush proposed to dampen exchange fluctuations by linking national curren-

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cies to a basket of commodity prices, including gold, and making this basket an "independent reference point." The idea of a commodity basket was discussed by Keynes more than fifty years ago, and the International Monetary Fund (IMF) bases its special drawing rights for third-world countries on the commodities these countries deposit in the fund as collateral, so to speak, for the monies they draw from the IMF.

The Bush proposal, however, was an effort to find a supposedly neutral reference point to determine whether a currency is undervalued or overvalued. Thus, if the mark is strong relative to the dollar, and the German currency is rising faster than the basket of commodities, it would be a signal that the Germans would need to lower the value of the mark, presumably by cutting the interest rate.

A commodity standard, however, is increasingly unstable as technological substitutions limit the use of natural resource commodities—raw-material commodities have been in a slump for more than ten years—and it is doubtful whether commodity prices would be a useful indicator of real economic trends.

The decisive question is the nature of power in the different spheres of dominance. The United States is no longer the single hegemonic power in the world in the three dimensions of military, political, and economic strength. It remains paramount as a military force. But it is already questionable whether it is paramount as a political force. In Europe, Germany has begun to take the political lead, as instanced in its role in recognizing Croatia, against American wishes, and thus precipitating the breakup of Yugoslavia. It has already begun to oppose American policy vis-à-vis Russia on the foreign-debt issue.

In economic strength there are three major economic powers—Germany, the United States, and Japan. Logically, if there were to be a world monetary reorganization, the denominator, or world standard, would be a basket of dollars, marks, and yen. But that also would imply a harmonization of policies regarding trade, purchasing-power parities, and fiscal policies.

In the nineteenth-century view of the liberal utopia, markets alone would rule, and prices and capital movements and labor mobility would adjust freely to the varying demands in the capital and product and labor markets. But what nation, to the extent it can, would readily accept the decision of markets—especially of migrant and labor markets? No nation would willingly accept the consequences of such freedom, the way the United States, developing as it did unchecked and on a continent-wide basis, was able to do in the first two hundred years of its existence. But today, although the United States still talks of "free trade," its policies move strongly along the path of "managed trade," as we see in the quotas for automobiles, textiles, steel, and the like, as well as export subsidies for farmers.

We are left then with the messy situations of nations seeking to adopt policies favorable to their own national interests and protecting themselves against the buffeting of the tidal waves of capital and goods and labor as propelled by the riptides of markets. This is the world where economics is the continuation of war by other means, and where each nation is caught in the turbulence of the contradictory currents of economics and politics. □

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Michael Walzer

EXCLUSION, INJUSTICE, AND THE DEMOCRATIC STATE

Who is in and who is out?—these are the first questions that any political community must answer about itself. Particular communities are constituted by the answers they give or, better, by the process through which it is decided whose answers count. This is true even if the decision isn't definitive, doesn't draw an absolute line between insiders and outsiders. In fact, absolutism is rarely possible here. Ancient Greeks and Israelites, for example, distinguished themselves from foreigners on relatively straightforward kinship lines. But their political communities included, alongside citizens and brethren, an intermediate group of resident aliens, *metics* or *ge'rim*—not kin, but not foreign either, sharing some but not all of the rights and duties of members. What may be more important, divisions of class and gender cut across all these categories, so that there were in both Greece and Israel powerless members and powerful strangers: the formal rules of inclusion and exclusion did not determine the actual process of political (or everyday social and economic) decision making. Nor would it have bothered Greek philosophers or Jewish sages that women, slaves, urban workers, and "people of the land" (*am ha-aretz*)—even if they were native born and genealogically correct—had little or no say in the government of their communities. The exclusion of such people was probably less problematic than that of resident aliens.

Among ourselves, with our huge populations of guest workers and illegal immigrants, we have reproduced the old intermediate class. We have our own resident aliens, in but not of the political community, their rights and obligations as disputed today as they were two thousand years ago. The other kind of exclusion, however, we at least pretend to have overcome. We have expanded the ancient understanding of citizenship and brotherhood, abolishing class and gender barriers, incorporating women, slaves, and workers, producing the modern, inclusive *demos*. All the people, every man and woman, are or are supposed to be equal participants in all the spheres of justice, sharing, as members, in the distribution of welfare, security, wealth, education, office, political power, and so on—and also joining in the debates about what that sharing involves and how it ought to be managed.

It was the argument of my book *Spheres of Justice* that this participation (with a little luck!) would give rise to a "complex equality" of members. Not that all goods would be distributed equally to all members: given the nature, that is, the social meaning and customary use, of the goods, equal distribution is neither desirable nor possible. Rather, different goods would be distributed for different reasons by different agents to different people—so that no single group of people would be dominant across the spheres; nor would the possession of one good, like wealth or power or familial reputation, bring all the others in train. People who fared badly in one

N.B.: This essay was written for a conference on "Social Justice and Inequality" sponsored by the French Commissariat Général du Plan in Paris in November 1992. In it I respond to some questions prepared by the staff of the Commisariat, inviting me to reconsider aspects of my argument in *Spheres of Justice* (1983). Hence the self-referential style of the essay—not the way I usually write.—MW

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distributive sphere would do better in another, and the result would be a horizontal and socially extended version of Aristotle's "ruling and being ruled in turn." No one would rule or be ruled all the time and everywhere. No one would be radically excluded.

But this is an ideal picture, a critical standard, describing how things would turn out if people actually joined in the distributive work and successfully defended the autonomy of the spheres. Defense is always necessary, since any socially significant good—money in a capitalist society is the obvious example—is likely to be convertible into all the other goods and so to serve as a medium of domination for those who possess it. Inequality is always worked through some such medium. Land or money or political power or racial or religious identity (or some subset of these) become the means of access to the entire range of social goods. The agents of autonomous distributions are effectively disempowered. And then poor people, members of racial or religious minorities, heterodox men and women share only minimally in their country's good times, bear the brunt of economic decline, are shut out of the better schools and offices, carry everywhere the stigma of failure. We thus reproduce the internal exclusions of the ancient world: disenfranchised, powerless, unemployed, and marginalized members.

We don't quite know what to call these people—the dispossessed, the underclass, the truly disadvantaged, the socially isolated, the estranged poor—and this confusion about their classification reflects a deeper embarrassment about their existence. For the whole tendency of modern (welfarist or social) democracy, so we once thought, is to make the reproduction of marginality and exclusion increasingly difficult. Civil service exams and laws requiring "fair employment practices" open available careers to talented citizens, whoever they are—blocking the distribution of offices and jobs through a network of relatives, ethnic or religious kin, or "old boys." Public schools and meritocratic admissions policies guarantee the distribution of educational opportunities without regard to race or religion. Universal entitlement programs preclude the use of welfare as a form of political patronage. The public defender, the ban on bribery, and the new limits on campaign contributions protect the judicial system and the political process against the corruptions of wealth. Religious toleration and cultural pluralism allow individual men and women to worship and live independently, unconventionally, without fear of political or economic penalty. In all these, and many other, ways we defend the boundaries of the spheres of justice. Why, then, are we still so far from complex equality?

I want to make two arguments in response to this question: first, that the convertibility of social goods and the domination it makes possible take increasingly subtle and indirect forms in modern societies; they have hardly yet been subjected to democratic control. And second, that given the continued existence of excluded groups, the state must play a larger role in advancing the cause of complex equality than I envisaged for it when I wrote about these matters ten years ago. The first argument deals with an overestimation of the justice of contemporary distributions, the second with an underestimation of the state as an agent of distributive justice.

The old accounts of inequality and exclusion, focused on dominant goods and ruling classes, still carry a lot of weight, but they have tended in recent years to produce among excluded and marginal groups theories of systematic oppression, tales of conspiracy, that cannot sustain empirical analysis. In fact, active domination is less in evidence today; democratic membership brings with it significant protections that no one is prepared to challenge openly. Individual members of excluded groups, thus protected, make their way forward or upward, winning at least a small share of social goods. And so an insidious myth is born, a counter-myth to all the conspiracies, which holds that the remaining exclusions are no longer unjust, that they are indeed the unexpected product of justice itself. Excluded men and women get what they deserve, or what they have chosen, or they are the victims of bad luck; no one else is responsible for their fate. The assignment of

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responsibility is at stake here—with large consequences for social policy.

The myth of just or justified exclusion looks back, I think, to Michael Young's *Rise of the Meritocracy*, the classic dystopia of contemporary social science. What Young wrote was, in fact, a savage critique of meritocratic distributions in the absence of any sort of socialist solidarity. Equality of opportunity, he argued, would divide society into two classes—those who are capable and those who are incapable of seizing their opportunities. The second group would be a lower class without precedent in human history: not enslaved, not oppressed, not exploited; standing exactly where their own efforts (or lack thereof) had brought them; deprived even of a cause to rally around. Young's argument is repeated today without its critical thrust. Subordination and exclusion, it is said, are more the result of incapacity, apathy, or lack of interest than of domination. The excluded are simply the class of men and women deficient across the range of qualities, so that distributive processes working autonomously, exactly as they are supposed to work, bring them no goods or no goods that they can profitably use. Subtlety and indirection have nothing to do with their fate, for we have largely replaced the collective exclusion of women or workers or blacks or Jews with a new exclusion of individuals chosen, as it were, for the right reasons.

The triumph of equality, the democratic expansion of citizenship, turns out (on this view) to be a cruel hoax. It has simply made visible what was once concealed by the false abstractions of gender, race, and class: the presence of men and women who cannot (or will not) meet the standard, or even the pluralized standards, of citizenship. Those who can, do—barring bad luck, which is always someone's fate. Failure in all the spheres is no longer the result and therefore the visible sign of oppression and injustice. Hence the only motive we have for helping those who fail is sympathy or humane feeling. About this we must be careful, for it may well lead us to act unjustly, limiting the autonomous distribution of goods (as in cases of affirmative action or "reverse discrimination") and overbuilding the welfare system. All that humane feeling requires is humanitarian relief—a "safety net" so that those who are justly denied the most desirable social goods are not callously denied subsistence itself.

My own claim that exclusion is still unjust has to be defended against this neo-Youngian argument. Also, perhaps, against its libertarian variant, which holds that the last vestiges of domination won't be eliminated until we have curtailed the welfare system, deregulated the market, and given up affirmative action. Only when everyone is exposed to the harsh incentives as well as the golden opportunities of meritocracy and "free enterprise" will we know who the justly (or the not-unjustly) excluded really are. They will fall into two groups: those who work at low-paying jobs and survive on the social margins and those who can't or won't work and land in the safety net. A fixed determination not to accept any further responsibility for such people underlies, I think, the conservative social policies of the 1980s. We can find it articulated (though rarely as openly as in Young's satire) in recent academic literature dealing with intelligence, crime, poverty, and welfare. Also in a more popular style—in the columns of local newspapers, on radio talk shows, and in everyday conversation—often thought to express nothing but egotism and meanspiritedness: but behind this too there is a view of justice, according to which everything has been done for "those people" that ought to be done. This is the argument that I need to address, but first it will be useful to provide a model description of one of "those people" as seen from the neo-Youngian perspective.

Imagine, then, a man or woman who is a citizen, a full member as this is legally defined; who has been on the welfare rolls but was never enabled by the assistance he received to lead an independent life, a passive client of the state incapable of self-help or mutual aid, who is now pushed out of the system by (justified) budget cuts; who brings no skills or resources to the market, is only intermittently employed, displaying no entrepreneurial competence or energy; who has had a standard public education, up to the legally required minimum,

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which was largely ineffective, never engaging either his mental or material interests; who is therefore unqualified for the places on offer in the civil service or the professions or in the institutions that train their members; who is likely to do much more than a fair share of hard or dirty work; who has time to kill, being often out of work or (with good reason) in prison—but not much of the sort of time that we call "leisure"; who lives in a fragmented family or altogether without familial support, alone, sometimes literally homeless; who receives neither recognition nor respect from fellow citizens and suffers, as a result, from a loss of self-respect; who is politically powerless despite his suffrage, because he is numbered among those who need not be counted, a mass of unorganized, inarticulate, and therefore unrepresented men and women; and, finally, who is probably not even saved, though salvation is the social good most readily available to him, at the hands of itinerant (or radio and television) evangelists.

Has this person been treated unjustly? Isn't this simply a sad story of individual misfortune and failure, with all the distributive agencies doing the work they are supposed to do, as best they can, and always in accordance with the principles of justice? Social workers and teachers have tried to help; personnel managers have attended to her talents or lack of talent; democratic politicians have labored, unsuccessfully, to "build a base" among people like her; and so on. She has not been treated like a foreigner; not excluded without first being attended to. Given the attentiveness, what grounds of complaint can she possibly have for the exclusion? An individual in this situation can only complain, like Job, to God. This is a case, perhaps, of a good person suffering undeserved pain—but this is divine, not human, injustice.

I can imagine a social world in which such an account might have some plausibility, and I want to come back, later on, to the difficulties this might raise for the theory of justice. Can it be our aim to create a society where the poor and the powerless have no grounds of complaint? Is that the definition of a *just* society? In any case, we do not now live in a society like that. Among ourselves, excluded men and women are not a random series of failed individuals, rejected one by one, sphere by sphere. Failure is not randomly distributed across the multicultural range of American society. Instead, the excluded mostly come in groups whose members share common experiences and, often enough, a family (racial, ethnic, gender) resemblance. Failure pursues them from sphere to sphere in the form of stereotyping, discrimination, and disregard, so that their condition is not in fact the product of a succession of autonomous decisions but rather of a single systemic decision or of an interconnected set. And for their children, exclusion is an inheritance; the qualities that supposedly produce it (and that might give it legitimacy) are now its products.

Groups like this take shape and reproduce themselves only under pressure. But the pressure, in order to be effective, need not take the form of organized and premeditated oppression—like the restraints that would be imposed on blacks today by white supremacists. Something less will do the job, as the black example suggests. The knowledge that white supremacists are still politically active has some effect, I suppose, on the everyday life of black Americans, but what is more important in explaining their (partial) exclusion from the American mainstream is the continuum of attitudes and practices that starts with racism at one end and has a long way to go before it reaches to a thoroughgoing egalitarian civility or friendship at the other. The greater number of people whose attitudes and practices are represented along this continuum would certainly repudiate racism if they were asked, but their own habits, expectations, and unspoken fears carry, as it were, the residues of racial prejudice and constitute a significant social force—even if this is a force whose consequences no one intends. Many of these people are agents of distribution, at work in welfare agencies or in school counseling offices or on admission and search committees or in political parties and movements. All of them are voters; all of them hold in their hands or, better, in their minds and eyes the power of recognition. When I suggested that the contemporary use of

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dominant goods across boundaries and the resulting forms of exclusion are subtle and indirect, I had in mind these people, myself, of course, among them. Because of what we do, even though there is no master plan directing what we do, and even though we do it in different ways and to different degrees—as we stand more to the right or more to the left on the continuum—the plight of an excluded man or woman is still today a social and not only a personal responsibility: ours, not only his or hers.

This argument is equally strong if exclusion is—as I suspect it most often is—as much a matter of class as of race (or ethnicity or religion). Describing domination in *Spheres of Justice*, I focused on how it worked for those individuals or groups who were able to wield the dominant good—to use their wealth, for example, to purchase goods that should never be up for sale. Consider now the people whose lack of wealth renders them liable to lose all those goods that are in fact being sold: market poor, they find themselves impoverished everywhere. In this case, too, their exclusion can take subtle and indirect forms. It does not depend upon the literal transfer for cash in hand of school places, or offices in the civil service, or political influence, or justice in the courts. The power of money is revealed in the way its owners are trained and tutored, the way they dress and talk, the generosity they are capable of, the services they can command, the attention they draw to themselves. And here again, all of us are complicit, to greater or lesser degree, in allowing these things to matter in our own and other people's distributive decisions.

No doubt, the exclusions of a class society, and even of a racist society, are structural in character and not merely attitudinal. But the impact of structures on what structuralists call "real life" is mediated by the ideas and actions of individuals, and that impact must vary significantly depending on the prevailing distribution of individuals along the attitudinal continuum from racism or snobbery to civic friendship. Established structures are more likely to be scrutinized and challenged by men and women inclined, as it were, to the left side of the continuum. But the greater number of individuals (at least in America today) are content with the established structures—precisely because the people they exclude or marginalize are "those people," black or poor or somehow stigmatized.

I don't make this argument in order to inspire guilt. The kinds of "doing" and "allowing" that I have attributed to large numbers of my fellows seem to me largely guilt-free. I doubt that many of us possess the capacity to purge ourselves of the residual prejudices of race or class. What follows from my argument is not private regret or remorse, but social obligation. Given the existence of excluded groups, justice requires a sustained public effort to enable their members to re-enter society and to function independently in all the distributive spheres. Indeed, this is the central purpose of two closely related social goods: welfare and education. Let me consider these two in turn, for they reveal the extent to which we are committed, despite our continued ineffectiveness and denial, to the creation of an inclusive society.

Welfare is sometimes understood as mere relief: the state as soup kitchen. This is the view of those contemporary writers and politicians who think that excluded men and women are responsible, insofar as anyone is responsible, for their own fate. Expecting them to fail, we set a safety net in place—for their sakes or for ours, it doesn't matter. But I don't think that this has ever been the general understanding or the best reading of actual welfare practices (as distinct, say, from almsgiving). With regard to the able-bodied poor, from earliest times, the aim was never relief simply; state officials did what they could to coax or compel such people to re-enter the work force and make their own way. The chosen means were often punitive; I don't want to recommend them. But the project seems to fit well, without the punitiveness, into democratic conceptions of membership.

I have described in *Spheres of Justice* how the Jewish communities of medieval Europe designed a welfare system with this specific

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project in mind. The Jews were pioneers here, driven by their situation as a persecuted minority not to democracy but to a very strong version of mutuality. The resources of the communities were mobilized against exclusion, used, therefore, to provide schools, dowries, business loans and jobs, religious artifacts, as well as food and clothing—so that effective membership could be maintained. And while the explicit purpose of the mobilization was not to create a just society, the responsibility of each individual member was thought to be a matter of justice. It seems to me, however, that a society from which no one is excluded is more just than a society that includes, so to speak, excluded or marginalized men and women, nonparticipants in a world to which they willy-nilly belong. The contemporary critique of "welfare dependency," whatever its political motives, supports this view: the goal of public assistance is to produce active participants in the economy and the polity, not to maintain a permanent clientele.

But this last claim assumes that all the excluded are capable of participation; they have the appropriate ambitions and latent talents; they can take their turn, with only a little help, in at least some of the distributive spheres. This is also the underlying assumption of our own commitment to universal public education: that the children we force to attend school really can benefit from the experience and become active citizens and useful, self-reliant workers. We owe it to one another to reproduce these sorts of citizens and workers; the obligation follows from our agreement to sustain a society of people like ourselves, within which a secure and decent life is possible. But we also owe it to the children, because we, or some of us, have brought them into the world and because we will be responsible for the pain and unhappiness of their exclusion, insofar as we could have prevented it.

But maybe it can't be prevented. Maybe the only realizable purpose of public education is to sort out the children, distinguishing the included from the excluded in as fair a way as possible. Certainly many inner-city schools these days don't seem to be doing anything else, and without much concern for fairness: the children picked for exclusion come overwhelmingly from the same "families." But since these schools, like all schools in a democratic society, are educating *citizens*, even the strictest fairness in exclusion would represent a terrible defeat. Democratic education is a wager on universal or near-universal competence—or, better, democracy itself is the wager and education is the crucial means of winning. Of course, individuals are more or less competent; victories are always partial; and schools do a lot of sorting out in ways that verge on, though they need not establish or reinforce, the radical dichotomy of in and out. But teachers have to make the democratic wager; it is the moral prerequisite of their job.

It follows, then, that massive failure in the spheres of welfare and education or, more specifically, failure that massively affects particular groups, ought to suggest (if not a positive will to fail) a massive undercommitment of material and mental resources: not enough money, not enough people, not enough faith in the enterprise, not enough inventiveness and experiment. What constitutes a deficiency of resources changes over time. The more complicated modern political and economic life become, the greater the necessary commitment. Social reproduction and rescue today require large-scale resources—a requirement that has no precedent in the recent or distant past, when both these enterprises were sustained mostly by family members and communal volunteers, without professional training or much in the way of organizational support. I suspect that relatives and volunteers can still do a great deal of the necessary work, though they will work best within organizational frameworks: schools, hospitals, nursing homes, and so on. The frameworks themselves depend on the helping professions. Any modern society that devalues these professions (as most modern societies do, in part because so many citizens don't want to think about the social problems that make professional help necessary), and fails as a result to recruit talented men and women to teaching, nursing, counseling, and social work, is going to produce and reproduce exclusion. Ant it will be *unjust exclusion*: for then the excluded won't have received the attention that is due to every member of a democratic society.

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I want to stress that though this is a matter of justice it isn't necessarily a matter for direct state action. The role of the state is very important, and I shall have more to say about it later on; but many of the difficulties of excluded men and women are best handled within civil society, where the state can at most provide incentives and subsidies. Every voluntary association—church, union, co-op, neighborhood club, interest group, society for the preservation or prevention of this or that, philanthropic organization, and social movement—is an agency of inclusion. Alongside their stated purpose, whatever that is, the associations of civil society provide recognition, empowerment, training, and even employment. They serve to decentralize the spheres, multiplying settings and agents and guaranteeing greater diversity in the interpretation of distributive criteria. (Consider, for example, the different understandings of "merit" in churches, social movements, sports clubs, and the administrative apparatus of a modern state.) The officials and staff of all the associations taken together constitute an informal civil service, a social bureaucracy, and though it is in the nature of a democratic society that one can't assign tasks to these people, it is nonetheless important to acknowledge their centrality. The state can't direct their work, but it can, and therefore should, facilitate it. All the spheres of justice are implicated in the activity of voluntary associations; complex equality, under modern conditions, depends in large measure upon their success.

So we can re-describe excluded men or women, who lose out in every sphere, as victims. Anyone who claims this status makes a major political (and perhaps also a psychological) mistake, but the word is nonetheless accurate: these people have not received the attention or help that justice requires in the spheres of welfare and education, and the defeats there have carried over into market, polity, and family, producing the reiterated losses whose sum is exclusion itself. This is not to say that individuals bear no responsibility for their own situation, or that they have been treated unjustly everywhere, or that they are the literal prey of an oppressive or exploitative ruling class. They are not, as we might say of slaves or concentration-camp prisoners or stateless refugees, pure victims. Their situation is more complicated, and we can ask a great deal of them—so long as we recognize them as fellow members, who can ask a great deal of us.

But the question persists: what if we were to provide all that they can legitimately ask, and it still didn't help or didn't help enough? There are bound to be some people who can't be helped, who can't or won't help themselves. They don't study at school or their studying is without intellectual effect; they don't work hard or the work they do is badly done; they are clumsy or cruel in personal relationships; they avoid the political arena or act incoherently within it; they seek the available opportunities or the quick success of a criminal life; they choose marginality because it looks like freedom. At some point, we might want to turn away from these people, acknowledging only minimal obligations to them. I don't think it is crazy to imagine a just society as one in which turning away would not be unjust—so long as we kept the safety net in place. Only kindness or compassion would lead (some of) us to do more. But I cannot imagine a just society in which there were large numbers of such people. Poverty and alienation are idiosyncratic, not popular, choices; and at least some of the incapacities of the poor and the alienated are remediable.

The myth of just or justified exclusion, transferred to some hypothetical future time, is still a myth. It derives from or depends upon a

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thin view of the individual person, according to which all his qualities are of a kind, flatly described. Either he is competent and willing across the board, though no doubt with strengths and weaknesses that get sorted out in the different spheres of justice, or he is incompetent and passive across the board, a failure everywhere. Complex equality merely reflects the sorting out: if distributive processes are working autonomously, competent men and women will be each other's equals in the way this ideal suggests. But the incompetent will be excluded from both complexity and equality; their lives will be simple and their social position uniformly subordinate. Justice is governed by this radical dichotomy between those who are eligible for complex equality and those who are not.

But this radical dichotomy is an ideological invention. Complex equality is matched (not only to a differentiation of goods but also) to a differentiation of persons and then of qualities, interests, and capacities within persons. There aren't only two sorts of persons; nor is any single person of one gross "sort." The range of qualities, interests, and capacities is very wide, and I don't know of any evidence—certainly my own experience provides no evidence—of any radical clustering of positive or negative versions of these in particular individuals. This brilliant mathematician is a political idiot. This talented musician doesn't have the faintest idea about how to deal with other people. This skillful and loving parent has no business sense. This adventurous and successful entrepreneur is a moral coward. This beggar on the street or criminal in prison is a competent craftsman, or a secret poet, or a superb orator. These easy contrasts are commonplace and obvious, but they hardly reach to the real complexity of individual men and women, for each of whom we could put together a long list not only of different but also of contradictory qualities, interests, and capacities. That is why the outcome of autonomous distributions is so utterly unpredictable, at least with regard to individuals. We can be sure, however, that these distributions won't divide any set of individuals into two radically distinct groups of "haves" and "have-nots"—unless autonomy itself has been corrupted in some major way.

If individual men and women were not complexly constituted, divided selves, then complex equality would be an example of bad utopianism—a false ideal that served in fact to justify an unattractive reality. For it would then follow that the radical exclusion of flatly incompetent people was not unjust. They would have, as I have already suggested, nothing to complain about; it would be very difficult to organize a social movement on their behalf, for the organizers would not be able to appeal to the moral conscience of their fellow citizens. But there are no flatly incompetent people or, at least, no class of such people. The anxiety about just or justified exclusion is misplaced. The democratic wager is, in fact, a safe bet as bets go, though it is certainly not a bet that will be won, or even partly won, without a serious and sustained effort to win it. In any society where goods are differentiated and distributive processes putatively autonomous, across-the-board exclusion is and must be called unjust—a legitimate occasion, then, for political protest.

Political protest is aimed at the state; it is a call for state action (sometimes for an end to state action) of one sort or another. Public officials must do this or that (or stop doing this or that). In *Spheres of Justice*, the sorts of things that I imagined them doing were largely related to defending the boundaries of the spheres, as in the list that I have already provided: requiring meritocratic admission and appointment procedures, enforcing antidiscrimination laws, maintaining the integrity of the judicial system. The state also defends its own integrity, polices its own borders, by outlawing the sale of votes, for example, or by regulating campaign contributions or setting limits on the lobbying activities of former civil servants. Acting on its own behalf, it reveals the dual character of the political sphere. On the one hand, this is simply the bounded field or arena within which one highly valued social good—political power—is distributed. On the other hand, it is the base from which this power is deployed along all the social boundaries—and sometimes, of course, across them. When we protest against exclusion, we are working toward a redistribution and a redeployment of

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political power. The two go together in ways that I did not grasp in my earlier analysis, and this union of the two aspects of politics has far-reaching consequences.

Exclusion is a condition reiterated in each of the spheres, the sphere of politics one among the others. Hence the first goal of the protesters is to mobilize excluded men and women and bring them into the state. Because they are already citizens, this means to win for them a share of political power. And the first demand on the state is that it assist in this process—as the federal government did in the United States, for example, when it enforced voting rights on behalf of black Americans. We can understand this enforcement as a defense of political autonomy, in accordance with the principle, internal to democratic politics, that power is to be distributed with the consent of all the state's citizens and not by some racially marked subset of citizens. But the point of redistributing power to black Americans was not mere possession and enjoyment (though power is indeed enjoyable) but also use, a very specific use in this case: to open all the other spheres to these same hitherto excluded men and women. When citizens and officials act to reform the state, they are also acting to reform the larger society. They are advocates and agents of complex equality.

Once power has been redistributed, it will also be redeployed—and not just to defend the boundaries of the spheres. For the existence of an excluded group of men and women means that the boundaries have been violated to such a degree that they must now be redrawn before they can be defended. And they must be redrawn from within, with reference to the social meaning of the goods at stake. Arguments about affirmative action, for example, must deal with the idea of office-holding and the sorts of competence it has come to encompass. The result may be a call for changes in what it means to "qualify" for an office, but these can't be merely arbitrary changes, politically expedient for this or that party to the argument. Nonetheless, state agents—citizens and officials acting politically—will now play a part in interpreting the relevant meanings and in designing appropriate distributive arrangements. They will not play the only part, for they cannot usurp the authority of people more locally and directly involved: social workers, teachers, doctors and nurses, entrepreneurs, union members, parents, and so on. But citizens have an authority of their own, which derives from the fact that the boundaries of the spheres are not given but contested. Exclusion is a sign that the contests have gone badly—an invitation, therefore, to the state to set them right. Political protesters deliver the invitation.

Politics is implicated in all distributive disputes; the state cannot disregard what is going on in the different spheres of justice. Its role is limited only by the success of autonomy. If the "wall" between church and state is in place and effective, for example, state officials have nothing to say about the distribution of church offices (the criteria can be hereditary, meritocratic, elective, or whatever) or of religious goods like salvation and eternal life. They can defend only some version of a minimalist morality, intervening, say, against polygamy or animal (or perhaps only human?) sacrifice. Similarly, if the market is operating within appropriate bounds, the state must limit itself to laws like those that protect children against exploitation or consumers against unsafe products. But where the church controls marriage and divorce and uses the control to repress heterodox opinions, or where market relations determine the distribution of non-market goods, then the state is likely to find itself, under pressure from protesting citizens, engaged in maximalist work: defining the meaning, if only in order to limit the extent, of religious authority and exchange relationships.

Nor does this exhaust the area of legitimate, perhaps even necessary, state action. For the best way to deal with exclusion may be to enlarge the amounts of some available good rather than to redistribute whatever already exists. Teacher-student ratios and school places are obvious examples: the decision to build more schools or hire more teachers or open new universities cannot be made from within the sphere of education; it is a political decision, whether national or local governments are constitutionally authorized to make it. The extension and reform of welfare services cannot be accomplished by a vote of social workers and their clients; it is the political responsibility of citizens generally.

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Efforts to expand markets and increase the number of jobs are similarly political, requiring decisions about infrastructural investment, tax incentives, foreign trade, and so on.

Many motives play a part in such decisions. When third-world governments enlarge their own bureaucracies so as to guarantee jobs to college graduates, for example, they are aiming at political stability, not at any sort of egalitarianism. State power dominates the sphere of office, and academic degrees displace actual qualifications. The people who lose out in such transactions are those who can't afford to go to school or who depend upon the competence of public officials: they are pushed toward the margins of social life. There is little hope, in the third world or the first, of bringing such people into the mainstream of society unless state officials and active citizens make that their explicit goal. The state—or, at least, the modern democratic state—must defend the values of complexity and equality on behalf of all its citizens. It can't, then, be neutral or uncommitted with regard to the meaning of disputed social goods: decisions about the size of the bureaucracy depend upon a particular view of offices and their purposes; decisions about the scope of the market depend upon a view of commodities and entrepreneurial success; decisions about the number of school places depend upon a view of education. And all these decisions are, in something close to a foundational sense, warranted and (partly) determined by an understanding of citizenship.

Inclusion begins with citizenship, which then serves as a value reiterated through democratic political activity in all the spheres of justice. The reiteration is qualified by the nature of the goods at stake; participation in the different spheres takes different forms. But what marks a democratic political community is the recognition that all those social transactions that drive citizens toward the margins, that produce a class of excluded men and women—uneducated, unemployed, unrecognized, and powerless—are everywhere and always in the life of the community unjust. □

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Elliott Currie

TOWARD A POLICY ON DRUGS

Decriminalization? Legalization?

One of the strongest implications of what we now know about the causes of endemic drug abuse is that the criminal-justice system's effect on the drug crisis will inevitably be limited. That shouldn't surprise us in the 1990s; it has, after all, been a central argument of drug research since the 1950s. Today, as the drug problem has worsened, the limits of the law are if anything even clearer. But that does not mean that the justice system has no role to play in a more effective strategy against drugs. Drugs will always be a "law-enforcement problem" in part, and the real job is to define what we want the police and the courts to accomplish.

We will never, for reasons that will shortly become clear, punish our way out of the drug crisis. We can, however, use the criminal-justice system, in small but significant ways, to improve the prospects of drug users who are now caught in an endless loop of court, jail, and street. And we can use law enforcement, in small but significant ways, to help strengthen the ability of drug-ridden communities to defend themselves against violence, fear, and demoralization. Today the criminal-justice system does very little of the first and not enough of the second. But doing these things well will require far-reaching changes in our priorities. Above all, we will have to shift from an approach in which discouraging drug use through punishment and fear takes central place to one that emphasizes three very different principles: the reintegration of drug abusers into productive life, the reduction of harm, and the promotion of community safety.

This is a tall order, but, as we shall see, something similar is being practiced in many countries that suffer far less convulsing drug problems than we do. Their experience suggests that a different and more humane criminal-justice response to drugs is both possible and practical. Today, there is much debate about the role of the justice system in a rational drug policy—but for the most part, the debate is between those who would intensify the effort to control drugs through the courts and prisons and those who want to take drugs out of the orbit of the justice system altogether. I do not think that either approach takes sufficient account of the social realities of drug abuse; and both, consequently, exaggerate the role of regulatory policies in determining the shape and seriousness of the problem. But those are not the only alternatives. In between, there is a range of more promising strategies—what some Europeans call a "third way"—that is more attuned to those realities and more compatible with our democratic values.

One response to the failure of the drug war has been to call for more of what we've already done—even harsher sentences, still more money for jails and prisons—on the grounds that we have simply not provided enough resources to fight the war effectively. That position is shared by the Bush administration and many Democrats in Congress as well. But the strategy of upping the ante cannot work; and even to attempt it on a large scale would

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dramatically increase the social costs that an overreliance on punishment has already brought. We've seen that the effort to contain the drug problem through force and fear has already distorted our justice system in fundamental ways and caused a rippling of secondary costs throughout the society as a whole. Much more of this would alter the character of American society beyond recognition. And it would not solve the drug problem.

Why wouldn't more of the same do the job?

To understand why escalating the war on drugs would be unlikely to make much difference—short of efforts on a scale that would cause unprecedented social damage—we need to consider how the criminal-justice system is, in theory, *supposed* to work to reduce drug abuse and drug-related crime. Criminologists distinguish between two mechanisms by which punishment may decrease illegal behavior. One is "incapacitation," an unlovely term that simply means that locking people up will keep them—as long as they are behind bars—from engaging in the behavior we wish to suppress. The other is "deterrence," by which we mean either that people tempted to engage in the behavior will be persuaded otherwise by the threat of punishment ("general deterrence"), or that individuals, once punished, will be less likely to engage in the behavior again ("specific deterrence"). What makes the drug problem so resistant to even very heavy doses of criminalization is that neither mechanism works effectively for most drug offenders—particularly those most heavily involved in the drug subcultures of the street.

The main reason why incapacitation is unworkable as a strategy against drug offenders is that there are so many of them that a serious attempt to put them all—or even just the "hard core"—behind bars is unrealistic, even in the barest fiscal terms. This is obvious if we pause to recall the sheer number of people who use hard drugs in the United States. Consider the estimates of the number of people who have used drugs during the previous year provided annually by the NIDA (National Institute on Drug Abuse) Household Survey—which substantially *understates* the extent of hard-drug use. Even if we exclude the more than 20 million people who used marijuana in the past year, the number of hard-drug users is enormous: the survey estimates over six million cocaine users in 1991 (including over a million who used crack), about 700,000 heroin users, and 5.7 million users of hallucinogens and inhalants. Even if we abandon the aim of imprisoning less serious hard-drug users, thus allowing the most conservative accounting of the costs of incapacitation, the problem remains staggering: by the lowest estimates, there are no fewer than two million hard-core abusers of cocaine and heroin alone.

If we take as a rough approximation that about 25 percent of America's prisoners are behind bars for drug offenses, that gives us roughly 300,000 drug offenders in prison at any given point—and this after several years of a hugely implemented war mainly directed at lower-level dealers and street drug users. We have seen what this flood of offenders has done to the nation's courts and prisons, but what is utterly sobering is that even this massive effort at repression has barely scratched the surface: according to the most optimistic estimate, we may at any point be incarcerating on drug-related charges about one-eighth of the country's hard-core cocaine and heroin abusers. And where drug addiction is truly endemic, the disparity is greater. By 1989 there were roughly 20,000 drug offenders on any given day in New York State's prisons, but there were an estimated 200,000 to 250,000 *heroin* addicts in New York City alone. To be sure, these figures obscure the fact that many prisoners behind bars for *non*drug offenses are also hard-core drug users; but the figures are skewed in the other direction by the large (if unknown) number of active drug dealers who are not themselves addicted.

Thus, though we cannot quantify these proportions with any precision, the basic point should be clear: the pool of *serious* addicts and active dealers is far, far larger than the numbers we now hold in prison—even in the midst of an unprecedented incarceration binge that has made us far and away the world's leader in imprisonment rates.

What would it mean to expand our prison capacity enough to put the *majority* of hard-core users and dealers behind bars for long terms? To triple the number of users and low-level dealers behind bars, even putting two

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drug offenders to a cell, would require about 300,000 new cells. At a conservative estimate of about $100,000 per cell, that means a $30 billion investment in construction alone. If we then assume an equally conservative estimate of about $25,000 in yearly operating costs per inmate, we add roughly $15 billion a year to our current costs. Yet this would leave the majority of drug dealers and hard-core addicts still on the streets and, of course, would do nothing to prevent new ones from emerging in otherwise unchanged communities to take the place of those behind bars.

It is not entirely clear, moreover, what that huge expenditure would, in fact, accomplish. For if the goal is to prevent the drug dealing and other crimes that addicts commit, the remedy may literally cost more than the disease. Although drug addicts do commit a great deal of crime, most of them are very minor ones, mainly petty theft and small-time drug dealing. This pattern has been best illuminated in the study of Harlem heroin addicts by Bruce Johnson and his co-workers. Most of the street addicts in this study were "primarily thieves and small-scale drug distributors who avoided serious crimes, like robbery, burglary, assault." The average income per nondrug crime among these addicts was $35. Even among the most criminally active group—what these researchers called "robber-dealers"—the annual income from crime amounted on average to only about $21,000, and for the great majority—about 70 percent—of less active addict-criminals, it ranged from $5,000 to $13,000. At the same time, the researchers estimated that the average cost per day of confining one addict in a New York City jail cell was roughly $100, or $37,000 a year. Putting these numbers together, Johnson and his co-workers came to the startling conclusion that it would cost considerably more to lock up all of Harlem's street addicts than to simply let them continue to "take care of business" on the street.

If we cannot expect much from intensified criminalization, would the legalization of hard drugs solve the drug crisis?

No: it would not. To understand why, we need to consider the claims for legalization's effects in the light of what we know about the roots and meanings of endemic drug abuse. First, however, we need to step back in order to sort out exactly what we *mean* by "legalization"—a frustratingly vague and often confused term that means very different things to different interpreters. Many, indeed, who argue most vehemently one way or the other about the merits of legalization are not really clear just what it is they are arguing *about*.

At one end of the spectrum are those who mean by legalization the total deregulation of the production, sale, and use of all drugs—hard and soft. Advocates of this position run the gamut from right-wing economists to some staunch liberals, united behind the principle that government has no business interfering in individuals' choice to ingest whatever substances they desire. Most who subscribe to that general view would add several qualifiers: for example, that drugs (like alcohol) should not be sold to minors, or that drug advertising should be regulated or prohibited, or (less often) that drugs should be sold only in government-run stores, as alcohol is in some states. But these are seen as necessary, if sometimes grudging, exceptions to the general rule that private drug transactions should not be the province of government intervention. For present purposes, I will call this the "free-market" approach to drug control, and describe its central aim as the "deregulation" of the drug market.

Another approach would not go so far as to deregulate the drug trade, but would opt for the controlled dispensation of drugs to addicts who have been certified by a physician, under strict guidelines as to amounts and conditions of use. Something like this "medical model," in varying forms, guided British policy toward heroin after the 1920s. Under the so-called British system, addicts could receive heroin from physicians or clinics—but the private production and distribution of heroin was always subject to strong penalties, as was the use of the drug except in its medical or "pharmaceutical" form. (A small-scale experiment in cocaine prescription is presently being tried in the city of Liverpool.) Since the seventies, the British have largely abandoned

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prescribing heroin in favor of methadone—a synthetic opiate that blocks the body's craving for heroin but, among other things, produces less of a pleasurable "high" and lasts considerably longer. The practice of dispensing methadone to heroin addicts came into wide use in the United States in the 1960s and remains a major form of treatment. Methadone prescription, of course, does not "legalize" heroin, and the possession or sale of methadone itself is highly illegal outside of the strictly controlled medical relationship.

Still another meaning sometimes given to legalization is what is more accurately called the "decriminalization" of drug *use*. We may continue to define the production and sale of certain drugs as crimes and subject them to heavy penalties, but not punish those who only *use* the drugs (or have small amounts in their possession), or punish them very lightly—with small fines, for example, rather than jail. Something close to this is the practice in Holland, which is often wrongly perceived as a country that has legalized drugs. Though drug use remains technically illegal, Dutch policy is to focus most law-enforcement resources on sales, especially on larger traffickers, while dealing with users mainly through treatment programs and other social services, rather than the police and courts.

Another aspect of Dutch policy illustrates a further possible meaning of legalization: we may selectively decriminalize *some* drugs, in some amounts, and not others. The Dutch, in practice—though not in law—have tolerated both sale and use of small amounts of marijuana and hashish, but not heroin or cocaine. A German court has recently ruled that possession of small amounts of hashish and marijuana is not a crime, and, indeed, marijuana possession has largely been decriminalized in some American states, though usually as a matter of practical policy rather than legislation.

Let me make my own view clear. I think much would be gained if we followed the example of some European countries and moved toward decriminalization of the drug user. I also think there is a strong argument for treating marijuana differently from the harder drugs, and that there is room for careful experiment with strictly controlled medical prescription for some addicts. For reasons that will become clear, decriminalization is not a panacea; it will not end the drug crisis, but it could substantially decrease the irrationality and inhumanity of our present punitive war on drugs.

The free-market approach, on the other hand, is another matter entirely. Some variant of that approach is more prominent in drug-policy debates in the United States than in other developed societies, probably because it meshes with a strongly individualistic and antigovernment political culture. Indeed, the degree to which the debate over drug policy has been dominated by the clash between fervent drug "warriors" and equally ardent free-market advocates is a peculiarly American phenomenon. Much of that clash is about philosophical principles, and addressing those issues in detail would take more space than we have. My aim here is simply to examine the empirical claims of the free-market perspective in the light of what we know about the social context of drug abuse. Here the free-market view fails to convince. It greatly exaggerates the benefits of deregulation while simultaneously underestimating the potential costs.

There is no question that the criminalization of drugs produces negative secondary consequences—especially in the unusually punitive form that criminalization has taken in the United States. Nor is there much question that this argues for a root-and-branch rethinking of our current punitive strategy—to which we'll return later in this essay—especially our approach to drug *users*.

But proponents of full-scale deregulation of hard drugs also tend to gloss over the very real primary costs of drug abuse—particularly on the American level—and to exaggerate the degree to which the multiple pathologies surrounding drug use in America are simply an unintended result of a "prohibitionist" regulatory policy. No country now legalizes the sale of hard drugs. Yet no other country has anything resembling the American drug problem. That alone should tell us that more than prohibition is involved in shaping the magnitude and severity of our drug crisis. But there is more technical evidence as well. It confirms that much (though, of course, not all) of the harm caused by endemic drug abuse is intrinsic to the impact of hard drugs themselves (and the street cultures in which drug abuse is

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embedded) within the context of a glaringly unequal, depriving, and deteriorating society. And it affirms that we will not substantially reduce that harm without attacking the social roots of the extraordinary demand for hard drugs in the United States. Just as we cannot punish our way out of the drug crisis, neither will we escape its grim toll by deregulating the drug market.

The most important argument for a free-market approach has traditionally been that it would reduce or eliminate the crime and violence now inextricably entwined with addiction to drugs and with the drug trade. In this view it is precisely the illegality of drug use that is responsible for drug-related crime—which, in turn, is seen as by far the largest part of the overall problem of urban violence. Criminal sanctions against drugs, as one observer insists, "cause the bulk of murders and property crime in major urban areas." Because criminalization makes drugs far more costly than they would otherwise be, addicts are forced to commit crimes in order to gain enough income to afford their habits. Moreover, they are forced to seek out actively criminal people in order to obtain their drugs, which exposes them to even more destructive criminal influences. At the same time, the fact that the drug trade is illegal means both that it is hugely profitable and that the inevitable conflicts and disputes over "turf" or between dealers and users cannot be resolved or moderated by legal mechanisms, and hence are usually resolved by violence.

For all of these reasons, it is argued, outlawing drugs has the unintended, but inevitable, effect of causing a flood of crime and urban violence that would not exist otherwise and sucking young people, especially, into a bloody drug trade. If we legalize the sale and use of hard drugs, the roots of drug-related violence would be severed, and much of the larger crisis of criminal violence in the cities would disappear.

But the evidence suggests that although this view contains an element of truth, it is far too simplistic—and that it relies on stereotypical assumptions about the relationship between drugs and crime that have been called into serious question since the classic drug research of the 1950s. In particular, the widely held notion that most of the crime committed by addicts can be explained by their need for money to buy illegal drugs does not fit well with the evidence.

In its popular form, the drugs-cause-crime argument is implicitly based on the assumption that addict crime is caused by pharmacological compulsion—as a recent British study puts it, on a kind of "enslavement" model in which the uncontrollable craving for drugs forces an otherwise law-abiding citizen to engage in crime for gain. As we've seen, however, a key finding of most of the research into the meaning of drug use and the growth of drug subcultures since the 1950s has been that the purely pharmacological craving for drugs is by no means the most important motive for drug use. Nor is it clear that those cravings are typically so uncontrollable that addicts are in any meaningful sense "driven" to crime to satisfy them.

On the surface, there is much to suggest a strong link between crime and the imperatives of addiction. The studies of addict crime by John Ball and Douglas Anglin and their colleagues show not only that the most heavily addicted commit huge numbers of crimes, but also that their crime rates seem to increase when their heroin use increases and to fall when it declines. Thus, for example, heroin addicts in Ball's study in Baltimore had an average of 255 "crime days" per year when they were actively addicted, versus about 65 when they were not. In general, the level of property crime appears in these studies to go up simultaneously with increasing intensity of drug use. One explanation, and perhaps the most common one, is that the increased need for money to buy drugs drives addicts into more crime.

But a closer look shows that things are considerably more complicated. To begin with, it is a recurrent finding that most people who both abuse drugs and commit crimes began committing the crimes *before* they began using drugs—meaning that their need for drugs cannot have caused their initial criminal involvement (though it may have accelerated it later). George Vaillant's follow-up study of addicts and alcoholics found, for example, that, unlike alcoholics, heroin addicts had typically been involved in delinquency and

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crime well before they began their career of substance abuse. While alcoholics seemed to become involved in crime as a *result* of their abuse of alcohol, more than half of the heroin addicts (versus just 5 percent of the alcoholics) "were known to have been delinquent *before* drug abuse." A federal survey of drug use among prison inmates in 1986, similarly, found that three-fifths of those who had ever used a "major drug" regularly—that is, heroin, cocaine, methadone, PCP, or LSD—had not done so until after their first arrest.

Other studies have found that for many addicts, drug use and crime seem to have begun more or less *independently* without one clearly causing the other. This was the finding, for example, in Charles Faupel and Carl Klockars's study of hard-core heroin addicts in Wilmington, Delaware. "All of our respondents," they note, "reported some criminal activity prior to their first use of heroin." Moreover, "perhaps most importantly, virtually all of our respondents reported that they believed that their criminal and drug careers began independently of one another, although both careers became intimately interconnected as each evolved."

More recent research shows that the drugs-crime relationship may be even more complex than this suggests. It is not only that crime may precede drug use, especially heavy or addictive use, or that both may emerge more or less independently; it is also likely that there are several *different* kinds of drugs-crime connections among different types of drug users. David Nurco of the University of Maryland and his colleagues, for example, studying heroin addicts in Baltimore and New York City, found that nine different kinds of addicts could be distinguished by the type and severity of their crimes. Like earlier researchers, they found that most addicts committed large numbers of crimes—mainly drug dealing and small-scale property crime, notably shoplifting, burglary, and fencing. Others were involved in illegal gambling and what the researchers called "deception crimes"—including forgery and con games—and a relatively small percentage had engaged in violent crime. On the whole, addicts heavily involved in one type of crime were not likely to be involved in others; as the researchers put it, they tended to be either "dealers or stealers," but rarely both. About 6 percent of the addicts, moreover, were "uninvolved"—they did not commit crimes either while addicted or before, or during periods of nonaddiction interspersed in the course of their longer addiction careers.

The most troubling group of addicts—what the researchers called "violent generalists"—were only about 7 percent of the total sample, but they were extremely active—and very dangerous; they accounted for over half of all the violent crimes committed by the entire sample. Moreover, revealingly, the violent generalists were very active in serious crime *before* they became addicted to narcotics as well as during periods of nonaddiction thereafter—again demonstrating that the violence was not dependent on their addiction itself. Nurco and his colleagues measured the addicts' criminal activity by what they called "crime days" per year. Addicts were asked how many days they had committed each of several types of crime; since on any given day they might have committed more than one type of crime, the resulting figure could add up to more than the number of days in the year. The violent generalists averaged an astonishing 900 crime days a year over the course of their careers. The rates were highest during periods when they were heavily addicted to drugs. But even *before* they were addicted, they averaged 573 crime days, and 491 after their addiction had ended. Indeed, the most active group of violent generalists engaged in more crime *prior* to addiction than any other group did *while* addicted. And they continued to commit crimes—often violent ones—long after they had ceased to be addicted to narcotics.

None of this is to deny that serious addiction to heroin or other illegal drugs can accelerate the level of crime among participants in the drug culture, or stimulate crime even in some users who are otherwise not criminal. Higher levels of drug use *do* go hand in hand with increased crime, especially property crime. Certainly, many addicts mug, steal, or sell their bodies for drugs. The point is that—as the early drug researchers discovered in the 1950s—both crime and drug abuse tend to be spawned by the same set of unfavorable social circumstances, and they inter-

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act with one another in much more complex ways than the simple addiction-leads-to-crime view proposes. Simply providing drugs more easily to people enmeshed in the drug cultures of the cities is not likely to cut the deep social roots of addict crime.

If we take the harms of drug abuse seriously, and I think we must, we cannot avoid being deeply concerned about anything that would significantly increase the availability of hard drugs within the American social context; and no one seriously doubts that legalization would indeed increase availability, and probably lower prices for many drugs. In turn, increased availability—as we know from the experience with alcohol—typically leads to increased consumption, and with it increased social and public-health costs. A growing body of research, for example, shows that most alcohol-related health problems, including deaths from cirrhosis and other diseases, were far lower during Prohibition than afterward, when per capita alcohol consumption rose dramatically (by about 75 percent, for example, between 1950 and 1980). It is difficult to imagine why a similar rise in consumption—and in the associated public-health problems—would not follow the full-scale legalization of cocaine, heroin, methamphetamine, and PCP (not to mention the array of as yet undiscovered "designer" drugs that a legalized corporate drug industry would be certain to develop).

If consumption increased, it would almost certainly increase most among the strata already most vulnerable to hard-drug use—thus exacerbating the social stratification of the drug crisis. It is among the poor and near-poor that offsetting measures like education and drug treatment are least effective and where the countervailing social supports and opportunities are least strong. We would expect, therefore, that a free-market policy applied to hard drugs would produce the same results it has created with the *legal* killer drugs, tobacco and alcohol—namely, a widening disparity in use between the better-off and the disadvantaged. And that disparity is already stunning. According to a recent study by Colin McCord and Howard Freeman of Harlem Hospital, between 1979 and 1981—that is, *before* the crack epidemic of the eighties—Harlem blacks were 283 times as likely to die of drug dependency as whites in the general population. Drug deaths, combined with deaths from cirrhosis, alcoholism, cardiovascular disease, and homicide, helped to give black men in Harlem a shorter life expectancy than men in Bangladesh. That is the social reality that the rather abstract calls for the legalization of hard-drug sales tend to ignore. □

To Our Contributors:

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(2) Please don't write to ask whether we're interested in such and such an article—it makes for useless correspondence. Look at our last few issues to see if your idea fits in. Or take a chance and send us your article. We will not consider manuscripts submitted simultaneously to several publications.

(3) Type your ms *double-spaced*, with *wide* margins. Check all your figures, dates, names, etc.—they're the author's responsibility. No dot matrix submissions, *please*. Use WordPerfect 5.1 if possible.

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THE EDITORS □

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Richard Parker

DELUSIONS OF "SHOCK THERAPY"

Western Economists, East European Economies

Three years ago, everything seemed much clearer: the Berlin Wall had collapsed, and with it communism in Eastern Europe. The failed coup in Moscow vastly expanded the terrain—psychological as well as geographic—of that collapse. But now, we live in the era of "post-communism," an odd term that serves as foundation for speculation, hope, and confusion among (and about) more than four hundred million people exiting a system that a half century ago proclaimed itself the future of all mankind.

Defined by what was, post-communism's promise of transition has yet to show what will be—and nowhere more clearly than in economics. At the beginning, "shock therapy" seemed somehow necessary, the castor oil to cleanse centrally planned systems; the shock therapists—Sachs, Fisher, Balcerowicz, Klaus and others—became heroes to many, their revolutionary zeal oddly entrancing to peoples for whom revolution had brought such costs.

Today, the arguments for "rapid transformation" are clearly in trouble. In Poland, its most important proponent, Leszek Balcerowicz, is out of office; three consecutive governments have fallen, principally over economic issues; Gross Domestic Product (GDP) is down 35 to 40 percent, inflation is up, the *zloty* falling; and President Lech Walesa openly complains of "betrayal" by the West. In Czechoslovakia, GDP is also sharply down, and Vaclav Klaus—prime minister for half the nation—heads a coalition government at odds with parliament over shock therapy. In Hungary, transformation has proceeded—but at a much slower pace than anticipated, since under "goulash communism" nearly a third of its GDP was already private. In Russia, efforts at "shock therapy" are faltering badly only months after they began.

Only in the former East Germany does change seem to be coming relatively rapidly—and even there, the Treuhand has sold only four thousand of the ten thousand state enterprises under its control, while more than a third of the work force is un- or underemployed. Total costs for transforming this economy (and its population of sixteen million) are likely to exceed $1.5 trillion.

What Went Wrong?

For the moment, the shock therapists are insisting that nothing has gone wrong—or, that if perhaps something has gone wrong, it is not their fault but rather the failure of governments to do all the therapists had prescribed—or to do it as recommended.

Other Western experts aren't so sure. Morgan Stanley, a U.S. investment bank not known for socialist views, is warning grimly of an "approaching calamity," which can be avoided only "if the West recognizes that *laissez-faire* reform will not produce minimal prosperity within a politically feasible time," and pointing to the now-unfolding "second shock" of skyrocketing unemployment in Eastern Europe, which it predicts will rise by next year to nearly 20 percent (from the 3.4 percent of 1989).

The U.N.'s Economic Commission for Europe is also alarmed, fearful of an impending "1930s-style Great Depression" in both Eastern Europe and the former Soviet Union. It cites an average fall in the region's industrial

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production of nearly 20 percent in 1991 (after a 10 percent fall in 1990), and notes that despite shock therapy's promises, "[I]nflation is still far from under control, foreign trade is collapsing and current account deficits have increased."

Even the usually sanguine World Bank is now sending up red flags. A year ago, as a major supporter of shock therapy, it benignly calculated that by 2010 these countries might reach *not parity with, but their 1989 levels relative to,* the West.

But in July, Bank vice-president Lawrence Summers quietly gave international banking officials the bad news: that "given disappointing Eastern European economic performance in the last year, even 2010 may be in doubt." Decorously, he reserved comment on the trailing republics of the Commonwealth of Independent States.

The Crisis Last Time

The last time the West faced looming economic crisis on a comparable scale was at the end of World War II, when Europe and Japan lay in ruins. Meeting at Bretton Woods, Allied policymakers agreed that a new global economic framework was needed, to avoid the mistakes of the past—especially high-tariff, beggar-thy-neighbor policies and the inadequate support for currency stability that had so exacerbated the Depression.

John Maynard Keynes, head of Britain's delegation, passionately believed that avoiding past mistakes was not enough. He viewed the depression as a fundamental failure of demand, a failure exacerbated by governments' inadequate role in stimulating that demand when markets failed—and exacerbated as well by prevailing economic and business orthodoxies that had opposed government intervention. As one critic has described it, Keynes believed passionately in a "Holy Trinity" of "free markets, intervention, and growth."

But even as a diluted Keynesianism took hold in the West, Keynes's vision for global development failed at Bretton Woods. In debating the postwar global economy and the role of new multilateral institutions, the Americans (mindful of their earlier failures at Versailles) defeated Keynes's views and established simple free-trade, balanced-budget, and open-economy orthodoxies, with the dollar as the determining currency and Washington the determining power.

The significance of this old debate for post-communism is that, although some pundits speak freely today of our "post–Bretton Woods" era, that era—like postcommunism—remains ill-defined and unfocused. In approaching aid to the former Warsaw Pact, Washington's thinking has been deeply influenced by its victories at Bretton Woods, as well as by its lessons from perhaps the two greatest challenges of the Bretton Woods era: in the 1970s, by the massive OPEC price shocks that shattered the Bretton Woods peace and by the global debt crisis that followed; in the 1980s, by the conservative anti-Keynesian backlash, symbolized by Ronald Reagan and Margaret Thatcher.

The OPEC shocks had led to "petrodollar recycling," a torrential flood of cash channeled to the Third World, which in turn precipitated near-monumental banking failure when repayment became impossible. Originally formulated a decade ago to deal with those third-world debtors, much of the West's official thinking today about post-communist reform relies on what have been called "The Three New Pillars" of economic development theory, a strategy radically at odds with Keynes in its hostility to government's role in economic policy.

The first pillar calls for near-absolute adherence to balanced budgets and stable money supplies, to choke off domestic inflation; the second seeks aggressive promotion of export-led industries; the Third demands rapid privatization of publicly owned enterprise and a severely proscribed economic role for government.

Translated ad hoc in the last three years to the sharply different experience of the former Soviet bloc countries, the Three Pillars have retained almost all their original emphasis. But what actual post-communist experience now increasingly suggests is that although the "Three Pillars" can dismantle a central-planning system, what they've yet to do is

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show how to build a prosperous new society atop the old.

What Keynes would have quickly pointed out in challenging the Three Pillars approach is—anomalously for a theory so beloved of pure markets—the vexatious core issue: how to create capitalism without first creating capitalists. In Western economies, the existence of a capital-owning class (generally the top 1 percent to 2 percent own 30 percent to 40 percent of net private assets, with 10 percent holding roughly 60 to 70 percent, exclusive of housing) would theoretically have, under a similar collapse of production and trade, provided an alternative to the state. That class might have been expected to mobilize capital (through borrowing or asset sales) to fuel—if one believed Reagan-era supply-siders—a supply-led recovery. Or, following earlier, pre-Keynesian theories, the capitalist class would have simply waited until wages fell low enough to equilibrate supply and demand, then begun the process of investment to meet new demand.

But with no such class, and with the asset value of state enterprises severely depressed, the post-communist state—as the region's de facto "capitalist class"—can't simply sell assets to generate cash for investment or to stimulate demand. (Poland, for example, tried selling off the strongest 10 percent of 1,800 large enterprises and got barely $700 million in the bargain.) Nor, under orthodox shock therapy, can the state run a budget deficit as an alternative means of stimulating demand. But without a commitment to demand stimulation and a willingness to engage in debt financing (pure anathema to the shock therapists), the state remains paralyzed—and with it, the economy.

Shock therapy tries to deal with the absence of this capital-owning class by postulating three possible solutions: first, the creation of Western-style "capital markets" (such as stock exchanges and commodities markets) where capital is exchanged for ownership; second, the encouragement of small business, both through selling off state-owned shops and enterprises and through removal of impediments to new business; and third, a major injection of foreign capital, foreign management, and foreign expertise.

But capital markets have proved easier to admire than to create. In Hungary and Poland, new stock exchanges remain pathetically thin, with often no more than a dozen or two companies listed and trading volume amounting to a few thousand dollars a day—or even a week. The inability to value enterprises has led to further complications, as have the profoundly unstable economies themselves. Several of the most promising Polish companies listed last year, for example, have watched their values plummet, as both their markets and raw materials (particularly Soviet energy supplies) disappeared.

The attempt to sell off large enterprises, meanwhile, has ignited widespread political resistance from the public. First, there was an outcry over "spontaneous privatization," as former communist managers took advantage of a legal and regulatory vacuum to transfer effective ownership to themselves. New governments expended valuable time, resources, and public goodwill trying to recapture these enterprises from these new "owners"—often with only mixed success.

Then new governments eroded good will further as workers and managers vociferously argued that initial "therapy" plans, excluding them from equity in their companies, were unacceptable. The upshot has been a series of proposals—from Poland's public "mutual fund" schemes to Czechoslovakia's (and now Russia's) "coupon lottery" program, meant to lessen public resentment. The plans by themselves, however, do little to solve the issue of state control over large enterprises—in most cases, they involve a 20 percent to 30 percent ownership set-aside for the public, while the state holds onto a majority stake for later sale to unspecified purchasers. (More relevant to the "demand" question, none of these sales will inject substantial new working capital into the enterprises or spur consumer demand—mostly they involve title transfer of shares for no or little money.)

Small-business creation—and the growth of consumer credit—likewise hasn't solved the demand problem, because in many instances such businesses have merely "inherited" eco-

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nomic activity once performed by state shops and face the same sharp collapse of consumer demand. With little ability or experience in extending consumer credit, they now compete among themselves for reduced consumer spending—a fact that has contributed to the high failure rate among these microenterprises. (In Poland and the former East Germany, for example, such rates have reached 30 percent to 35 percent after two years.)

Perhaps the most important promise of the shock therapists was that macrostabilization and privatization would quickly lead to a boom in foreign investment—a boom that would bring not only Western capital but Western managers, techniques, and "business culture" to the bloc. The boom in turn would not only swiftly "rationalize" prices but spur efficient production for export as well as domestic markets, thus reducing the external indebtedness of these countries—a crucial measure of "success" for the "Three Pillars" approach.

Yet, so far, Western companies have proved far more cautious than the shock therapists predicted. Since 1989, between seven and ten billion dollars in private capital has been committed to Eastern Europe (excluding the former East Germany), with more than half of that in a handful of highly publicized ventures like Volkswagen's $1.5 billion deal with the Czech automaker Skoda. The best estimate is that by 1995 total medium- and long-term private investment will add perhaps another $17 to $25 billion—a far cry from either expected levels or calculated needs.

Even Western public financing (through multilateral and bilateral agreements)—much more a reflection of political concerns than market interest—is now expected to provide no more than $50 billion in the next several years to Eastern Europe. And that estimate, it should be noted, was calculated prior to the Soviet Union's dissolution, and the consequent further demands on public treasuries.

Missing Pieces

Once upon a time, in control of new capital for investment expansion, only the state stimulated or retarded effective demand. Faced with a choice between consumer demand and plan priorities, what resulted was not new production, but consumer queues. In a post-communist society, in which neither consumers nor enterprises possess large savings pools, generation of demand becomes the immediate crux of the transition. Who will take over the old role of the state?

Shock therapy has severely limited consumer demand. Central planners had provided the largest government budget subsidies to food and housing; removal of those subsidies—in the name of "balanced budgets"—increased basic food costs between 100 percent and 400 percent. Today most families in Eastern Europe spend between 45 percent and 65 percent of their incomes on food alone.

For enterprises, "subsidies"—as distinct from direct ministerial control—have proved harder to "remove." Embedded over decades in accumulated patterns of investment and output, they could be "readjusted" across enterprises and sectors by shock therapy, but, without consumer and enterprise demand, have had nowhere to go. Either prices collapsed or—because production was often monopolistic—prices "stuck," and production collapsed, and with it enterprise "demand" for new investment.

The focus of consumer demand on bare necessities and the collapse of enterprise demand for investment has been further exacerbated by the shock therapy's country-by-country approach—as distinct from Keynes's emphasis on global coordination. With 60 percent to 85 percent of Eastern Europe's pre-1989 trade confined within the old Soviet bloc (and 35 to 65 percent of it with the Soviet Union), the loss of the Soviets as supplier of oil and gas and as purchasers of foodstuffs, intermediate, and consumer goods has meant an often chaotic search for new suppliers and customers.

Keys to Success

Compare this recent experience with the much more successful "winners" in the post–World War II economic race: Japan and the "Four Tigers" of South Korea, Hong Kong, Taiwan, and Singapore. Right behind them stands a second Asian quartet—China, Malaysia, Thai-

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land, and Indonesia—that now seems poised for take-off.

What commentators note repeatedly—to the discomfort of the shock theorists—is that success for these countries has come almost invariably from systematically ignoring or bending the textbook rules of modern economic development.

The British journal the *Economist*, generally a vocal proponent of free trade and minimal government, recently summarized the lessons learned from the East Asian experience:

> 1. Markets do not have to be completely free.
> 2. A relatively equal distribution of incomes and relatively low taxes motivates workers.
> 3. The single biggest source of comparative advantage is their well-educated workers.
> 4. The priority of state action should be economic development, defined not by the government's ability to hand out welfare payments to the less privileged, but rather by growth in output, productivity, and, above all, international competitiveness.
> 5. Rapid growth is impossible without a commitment to markets and private property (November 16–22, 1991).

Although points four and five may be comforting to shock therapists, the first three points shouldn't be because they challenge shock therapy's enforced limitation of government's role to simple macrostabilization.

Now contrast the *Economist*'s conclusions with the performance of countries that have tried the "shock therapy" approach. Bolivia is frequently cited as a success story. Consider then this 1989 analysis, by the Washington-based Bank Information Center, of Bolivia's "New Economic Policy," adopted under IMF tutelage, to end that country's mid-1980s economic crisis:

> The Policy's principal objectives were the re-establishment of balance-of-payments equilibrium, the elimination of fiscal deficits, and the promotion of both exports and the private sector's involvement. With the IMF carefully supervising the government's 1986 budget, the prescription to achieve these objectives included the privatization of nationalized enterprises, the closure of major mines, a one-percent tax on all citizens, including subsistence farmers, and a further reduction in social expenditures.
>
> While the new Policy did eliminate hyperinflation, it has not strengthened the overall economy. Despite Bolivia's adherence to IMF recommendations "to the letter," the economy shrank by three percent in 1986 instead of growing by the three percent that the IMF had predicted. The country's trade balance had moved into a deficit by 1986. . . . As a result, funds that were invested in Bolivia during 1987 only served to pay back foreign creditors rather than to increase the country's productive capacity.
>
> Other socio-economic figures for 1986 also reflected the weakening of the Bolivian economy. Not only had real salaries fallen by half and disposable income by 20 percent since 1980, but unemployment was on the rise, particularly in La Paz, where the number of factories was reduced by 55 percent. Similarly, per capita expenditures on social services fell some 15 percent. With the decline in employment levels and purchasing power, as well as in the production of food for local use, food consumption was down 40 percent from 1978 levels. The population was eating significantly less eggs, meat, cheese, vegetables and potatoes, helping to explain the 50 percent malnourishment rate among women and children in 1986.
>
> . . . In 1988, the Gross Domestic Product, while rising, had still not increased in relation to population growth, thus further reducing the standard of living. . . . Inflation was on the increase once again, doubling from its 1987 level. Worse yet for the average Bolivian, the price of basic necessities rose 340 percent from 1985 to 1988.
>
> Meanwhile by 1988, one out of every four Bolivians was out of work, and those who were fortunate enough to still be working found that their real wages had declined by 43 percent since 1985.

Recent surveys of development results in Brazil, Costa Rica, Ghana, Jamaica, Indonesia, and the Sudan—all following variants of the Three New Pillars model—show similar results. Forced to focus increasingly on export-led strategies and prompt debt repayment, the countries have sacrificed not only education and health but crucial economic infrastructure development that would directly aid the majority living in poverty.

Implications for Eastern Europe and the CIS

Even if one agreed that such cases represent "successes," could the experience of the Third

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World be easily transferred to the Second World of former communist societies? Are Poland and Hungary no different from Bolivia or Peru or Jamaica? Or, as one Russian economist quipped recently, was the old Soviet Union "nothing more than a giant Brazil with nuclear weapons?"

The simple answer, of course, is "no," and to understand why we must look at the ways in which ex-communist economies dealt with the following issues:

Pricing. Price is the signal that drives the direction of markets. Under communism, relative prices* were distorted by administrative pricing of inputs (labor, capital, natural resources, and so on) that included government subsidy or selective taxation. By itself, such distortions weren't unique to communist societies; the European Community regularly subsidizes farm prices by more than $100 billion per year. The difference in communist societies was in extent.

Concentration. Accompanying these basic price distortions was a communist structural preference for economies of scale, that is, an emphasis on giant enterprises that concentrated production in a small number of firms.

In the West one finds all sorts of highly concentrated industries, but not to the degree that they existed in these economies.

Flexibility. Even with highly concentrated industries, however, the nature of competition and business cycles dictates in market economies that excess capacity—both in idle plant and unemployed labor—is usually available for fluctuating demand. In planned economies, with their emphasis on taut production schedules and full employment, by contrast, seldom was either excess plant or labor available to meet sudden shifts in demand. (Under administered prices, when such demand rose, prices remained unchanged—and scarcity instead substituted.)

Added Costs. Under centrally planned regimes, enterprises were also charged with a host of social welfare responsibilities—for worker housing, recreation, health, and so on—which significantly added to production costs embedded in final goods prices. In Western economies, these costs are generally external to the firm, and paid for by wages and taxes that are distributed through the society as a whole.

Diverted Capital. Simultaneously, effective "taxation" of enterprises tended to follow ministerial requirements for capital and other objectives external to the firm—and varied widely among enterprises, industries, and ministries, and over time, depending on demands of the overall national economic plan. Thus, a highly profitable firm in Western terms—but dependent for profit on distorted prices—might have seen 50 percent, 60 percent, or even 70 percent of its "surplus" taken by a supervising ministry for reallocation elsewhere.

Price Insulation. The centrally planned economies historically maintained significantly lower general price levels than the West—levels that only now are shifting upward rapidly. They did so through several means: on wages, they maintained relatively high equality of incomes, and abolished most forms of non-wage income (from rents, dividends, capital gains, etc.); on prices, they did so through administrative means as outlined above.

Inflation. They also exhibited a ferocious antagonism to inflation and generally allowed price makers little independence. They also insulated their economies from global inflation by simply not trading with market economies, while negotiating intra-bloc prices ministerially, or in later years, maintaining dual prices (for domestic, and export markets to the West) in crucial items such as oil, gas, and other raw materials. Third, they hardly utilized credit and debt at all in the Western sense, preferring to finance large capital-intensive projects through current budgets, sharply constraining enterprise credit to short-term accounts, and never permitting consumer credit to emerge as a demand force that in the West has often frequently fueled rises in both real and nominal price levels.

* The prices of goods and services relative to other goods and services within the same economy or relative to prices for similar goods and services in another economy. For instance, food in Sweden is high in Sweden relative to health care, while food in Brazil is low relative to the high cost of health care. General prices in Sweden are high relative to those of Brazil.

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What Can Post-Communist Societies Do?

If we take the end of communism as a given, what remains wholly ambiguous is where these economies are headed now. The choice—once easily offered by the shock therapists and certainly still by many conservative economists in the West—is not simply between communist government and unregulated markets.

Successful First World economies hardly have small governments—as a percentage of GDP, government size ranges from 37 percent to 52 percent. Nor do these governments simply leave crucial decisions about their economies to abstract market forces. From fiscal and monetary policies, through health and safety and environmental regulation, to laws governing discrimination, firing, retraining, and so on, governments actively pursue policies that shape economic growth. Moreover, some nominally capitalist governments direct private-sector activity through a broad range of policies, not simply through taxes, subsidies, regulation, and tariffs but through active establishment of investment, production, and trade priorities.

What post-communist governments need right now, from a Keynesian standpoint, is a strategy that more coherently directs future growth, even while it no longer plans it. Dismantling so far has proved infinitely easier than rebuilding; but deciding who shall direct such growth, under what terms, and for whose benefit, is at the crux of the debate.

By the end of this year, for example, most of the legal and commercial code structure will be in place in Eastern Europe (CIS members are following quickly), as will the fundamental financial institutions—however primitive by New York or London standards. The fact that several million new businesses have already sprung up in Eastern Europe and the CIS is testimony to the openness felt toward private enterprise throughout the region.

But these new structures alone won't work without policies that make them effective. Still lacking is any coherent public policy toward demonopolization, toward legitimate and coordinated government stimulation of the economy, and toward reconstruction of former trade relations internationally.

In such a situation, what might Keynes have done? As an alternative to shock therapy, certainly he would have been sympathetic to a more active public policy and to a much more active role for government. What follows are broad policy recommendations that could serve as an alternative to the Three Pillars.

First, as a direct successor to shock therapy, a new policy would establish competitive marketization and demand stimulation as its model, for the near-term at least. Such a program would contain at least six important points:

1. To begin, priority would be placed on breakup of the vast majority of large, aggregated enterprises into autonomously operated, smaller units. Along with that would come selection of key yardstick enterprises for immediate sale (if need be, at a low initial cost but with an "equity reward" retained by the seller) to the most plausibly entrepreneurial purchaser, whether a foreign firm, former managers, a labor-management team, or mutual fund. The point here is to disperse at least several aggressively entrepreneurial firms across as wide a number of sectors and regions as possible, rather than concentrating either on selling a handful of profitable enterprises in select industries or selling industrial behemoths whose viability is doubtful under any ownership combination.

2. Active public debate would be encouraged about future economic priorities, leading to a consensus (rather than imposed) development strategy.

These economies are coming to market at a time when the West is mired in slow growth, and face direct competition from both the Asian "winners" and recovering Latin American economies.

While such a proposal will provoke objections from shock therapists about short-term self-interest and muddy decisions, the fact is that the economic transformation of these countries is deeply linked to the construction of democratic processes that are as novel in the region as markets.

3. Governments need a policy of wage-and-price controls to focus public attention on their serious hostility to inflation. Initial price deregulation cut back hyperinflation on a

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one-time basis; now governments should be willing to recognize that they've entered a fundamentally new period, when utilizing intermittent wage-and-price controls to choke off resurgent inflation will be necessary. Shock therapists' favored alternative mechanisms for constraining inflation are tight monetary and credit policies. These threaten to choke off underlying growth, as well as inflation.

4. Governments must recognize the middle-term need to reestablish as much as possible old COMECON-bloc trading links, even if based on barter for a time. Shifting trade to the West—even where the process has gone relatively well, as in Hungary—won't take up the lost export demand generated by former COMECON partners in the next several years.

5. It is especially imperative to discount previous estimates of Western aid and investment, whether private or public, bi- or multilateral. Private investment (except in the former East Germany) so far has been minuscule—well under $10 billion since 1989. Public-sector assistance will continue at a somewhat higher level, but the post-communist governments must understand that the scale of assistance sought will not be met externally now or in the foreseeable future.

6. Finally, the post-communist governments need to be substantially more pragmatic toward financial institutions and debt and their uses in the next several years. As mentioned above, a defining characteristic of Soviet-bloc countries was always the subordinate, and highly bureaucratic, character of their financial institutions. Central banks and finance ministries assumed the conventional Western role of private banks; credits were set by central plans; interest was low; and depending on the clout of enterprises of their ministries, loans frequently became de facto grants.

As a consequence, most enterprises start with surprisingly low levels of debt vis-à-vis their sales or nominal asset value. Government domestic indebtedness is also extremely low, since most operations were financed out of current accounts, not long-term borrowing. Consumer indebtedness also has been almost nonexistent by Western standards, given provision of food, housing, pensions, and medical care, from state and enterprise budgets.

By Western standards, then, all the former Soviet bloc countries are "underindebted." In the United States, for example, total indebtedness of corporations, individuals and government exceeds $10 trillion—twice the size of United States GNP. In none of the post-communist countries does indebtedness appear to equal even 10 percent of current GNP—or 1/20th United States levels.

This hardly should be taken as a license for uncontrolled debt accumulation—but it does cut deeply into shock therapy's presumptions about what these countries need most. To the orthodox economists, the problems of transition are (1) price distortions, both relative and absolute; (2) structural distortions, with too much industry, too little service, trade, and finance; (3) government ownership and subsidies; and (4) unmotivated labor.

But having carried out parts of their program—fundamental decontrol of prices, creation of a burgeoning small-business sector, and deep cuts in government subsidies—the East Europeans and CIS members face a new crisis: the enormous production collapse of 1990 and 1991, and now what follows that—massive layoffs that could reach 20 percent of the work force by mid-1993. For these problems, "shock therapy" presents few palatable—let alone politically plausible—answers.

The Lessons of Keynes

In sum, the governments of Eastern Europe and the CIS need to face realistically the daunting

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task ahead of them: to play a role in stimulating economic recovery. But to lead such a recovery requires an explicit commitment to demand stimulation—something that the balanced-budget shock therapists have been congenitally loath even to suggest.

Demand stimulation in a post-communist era needn't mean simple return to government control of all aspects of production and finance. Rather, governments need to look to Western experience—and pioneer demand–stimulation appropriate to their own economies.

For the ideologically upright, of course, all this sounds horrendous—the worst of "old socialism." But it is not; it is a pragmatic, transitional program that borrows most heavily from the actual experience of the most successful developing economies of the last thirty years, as well as successful Keynesian policies used in the West. It contains, of course, a host of dangers—but can claim success in the real world, something shock therapy so far lacks.

This is a program meant to address the real and present political dangers underlying post-communist societies. The collapse of communism has not brought with it any guarantee of democracy. None of these countries had extensive experience with democracy in the pre-communist period. As frustration mounts on failure, and as unemployment grows on top of production collapse, the dangers to fragile new rights and institutions grow.

Better ultimately to adapt policies and goals as experience dictates, borrow bits of reforms from here and there, defer change when necessary, encourage it when one can, than to hope that human life is willing to follow the textbook dreams of academic scribblers, whether communist or capitalist. □

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Chantal Mouffe

TOWARD A LIBERAL SOCIALISM?

Can the ideals of socialism survive the collapse of "actually existing socialism" and the current discrediting of the historic struggles against inequality? The very idea of social justice is threatened by the new anticollectivism, and the project of economic democracy increasingly appears as the relic of a bygone age, dominated by the rhetoric of class struggle.

The recognition of the virtues of pluralism is indeed an important achievement, but it would be a serious setback in the fight for democracy if we were to accept "actually existing (capitalist, liberal) democracies" as the "end of history." There are still numerous social arenas and relationships where democratization is critically needed. The task for the left today is to describe how this can be achieved in a way that is compatible with the existence of a liberal democratic regime.

In *Hegemony and Socialist Strategy*[1] we attempted to redefine the socialist project in terms of "radical and plural democracy" and to picture it as the extension of democracy to a wide range of social relationships. Our intention was to insist on the necessity of articulating socialist goals with the institutions of political liberalism. I am convinced that the only socialism with a future is a liberal socialism, and I want to examine in this article the work of a few thinkers who provide us with ideas useful for the elaboration of such a perspective.

Norberto Bobbio and Italian Liberal Socialism

Norberto Bobbio has been for a long time one of the most eloquent advocates of the need to recognize the value of liberal institutions and to defend them against the defenders of "true democracy." He has consistently put forward the thesis that socialist goals could be realized within the framework of liberal democracy and that they could only be realized acceptably within such a framework. For him, liberalism and democracy necessarily go together: a democratic socialism is bound to be a liberal one. He writes that "the liberal state is not only the historical but the legal premise of the democratic state. The [two] are doubly interdependent: if liberalism provides those liberties necessary to the proper exercise of democratic power, democracy guarantees the existence and persistence of fundamental liberties."[2]

Bobbio belongs to an important tradition of Italian liberal thought that since the nineteenth century, under the influence of John Stuart Mill, has been receptive to socialist ideas. In the twentieth century it was crystalized around the journal *La Rivoluzione Liberale* created by Piero Gobetti and the movement *Giustizia e Libertà* founded by Carlo Rosselli, who wrote a book called *Socialismo Liberale*. The aim of this movement for liberal socialism was to combine socialist objectives with the principles of liberal democracy: constitutionalism, parliamentarism, and a competitive multiparty system. In recent years, this movement has gained a new relevance due to the profound ideological transformation of the Italian Communist party (PCI). Its majority decided to renounce communism and to change its name to *Partito Democratia della Sinistra* (PDS).

Bobbio, whose influence in that debate should not be overlooked, remains faithful to this Italian tradition when he argues that today the project of liberal socialism requires a new social contract that articulates justice with civil rights. According to him, the current debate

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around contractarianism should provide the terrain for the democratic left to make an important intervention:

> The crux of this debate is to see whether, starting with the same incontestable individualistic conception of society and using the same institutional structures, we are able to make a counter-proposal to the theory of social contract that neo-liberals want to put into operation, one which would include in its conditions a principle of distributive justice and which would hence be compatible with the theoretical and practical tradition of socialism (p. 117).

It is no wonder then that Bobbio expresses sympathy for the proposals made by John Rawls in his celebrated book *A Theory of Justice*, and that he takes Rawls's side against Robert Nozick's defense of the minimal state in *Anarchy, State and Utopia*. He considers that, as long as democracy is alive and individuals retain a right to determine the terms of a new social contract, they are going to ask not only for the protection of their fundamental rights and of their property; they will also want to ensure distributive justice.

But will such a new social contract provide the solution, as Bobbio believes, to the growing ungovernability of modern industrial societies? Can a social contract that articulates the demands of justice with individual rights solve the problems facing complex societies today? Is that the way to get out of what he presents as the "paradoxes of democracy"? This is not the view of contemporary communitarian critics of liberalism who affirm that, because liberal individualism is the cause of the problems, it cannot be the path to their resolution. In order to evaluate the adequacy of Bobbio's proposals, we need to examine his diagnosis of the difficulties that confront democracy in complex societies.

Bobbio's Conception of Democracy

Bobbio insists, again and again, that we should adopt what he calls a "minimal definition of democracy" as a form of government "characterized by a set of rules (primary or basic) that establish who is authorized to make collective decisions and which procedures are to be applied." These "rules of the game" are designed to facilitate and guarantee the widest participation of the majority of citizens in the decisions that affect the whole of society. The function of some of these rules is to establish what is meant by the general will. They determine who has the right to vote, guarantee that the votes of all the citizens have an equal weight, and specify which type of collective decisions are going to be put into effect. But in addition to these three rules, there are others that refer to the conditions that need to be fulfilled if the exercise of the freedom to choose is to be effective. There is first the principle of pluralism, according to which a democratic system must guarantee the existence of a plurality of organized political groupings that compete with one another. Second, voters must be able to choose between different alternatives; and, finally, the minority must be guaranteed the right to become a majority in its turn.

Bobbio argues that only a liberal state can guarantee these arrangements and the basic rights they entail: freedom of opinion, speech, assembly, the press, political association, and so on.

> These are the rights on which the liberal state has been founded since its inception, giving rise to the doctrine of the *Rechtsstaat*, or juridical state, in the full sense of the term, i.e., the state which not only exercises power *sub lege*, but exercises it within the limits derived from the constitutional recognition of the so-called "inviolable" rights of the individual. Whatever may be the philosophical basis of these rights, they are the necessary precondition for the mainly procedural mechanisms, which characterize a democratic system, to work properly. The constitutional norms which confer these rights are not rules of the game as such: they are preliminary rules which allow the game to take place (p. 25).

But will the game continue—and attract new players? Bobbio's "paradox" is the fact that we want more and more democracy in conditions that are increasingly unpropitious, given the growth of large state organizations, the development of technocracy and bureaucracy, and the rise of cultural conformism. He writes:

> In a nut-shell, these four enemies of democracy—

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> where I am taking democracy to mean the optimum method for making collective decisions—are the large scale of modern life; the increasing bureaucratization of the state apparatus; the growing technicality of the decisions it is necessary to make; and the trend of civil society towards becoming a mass society.[3]

What then is the remedy proposed by Bobbio? Can something be done to further the process of democratization in modern advanced societies? Bobbio insists that we should abandon all hopes of a "true democracy," a perfectly reconciled society, a radical consensus. Modern democracy, he insists, must come to terms with pluralism, and this implies that dissent is permanent and inevitable. Consensus is necessary only as far as the rules of the game are concerned. Those rules, when implemented, are the best guarantees against autocracy and heteronomy, the best framework for the struggle for individuality, which he sees as the driving force of democratic politics.

Once the illusion of direct rule has been discarded, says Bobbio, we can begin to envisage how democracy can be strengthened and expanded. This can only mean the extension of representative government to more and more areas of social life; the central question is not to look for the emergence of a new type of democracy but for a process "in which quite traditional forms of democracy, such as representative democracy, are infiltrating new spaces, spaces occupied until now by hierarchic or bureaucratic organizations." In a word, we should proceed from the democratization of the state to the democratization of society, struggling against autocratic power in all its forms in order to take over the various spaces still occupied by nondemocratic centers of power. To democratize society requires, for Bobbio, tackling all the institutions—from family to school, from big business to public administration—that are not run democratically. He declares,

> Nowadays, if an indicator of democratic progress is needed it cannot be provided by the number of people who have the right to vote, but the number of contexts outside politics where the right to vote is exercised. A laconic but effective way of putting it is to say that the criterion for judging the state of democratization achieved in a given country should no longer be to establish "who" votes, but "where" they can vote.

Pluralism and Individualism

As we have seen, according to Bobbio, liberal socialism can offer a solution to the present shortcomings of democracy by providing a new social contract having at its center a principle of social justice. The aim is to combine social, political, and civil rights, putting them on a strong individualistic foundation by appealing to the principle of the individual as the ultimate source of power. The issue of individualism is crucial for Bobbio: "Without individualism, there can be no liberalism."[4] The compatibility of liberalism and democracy lies for him in the fact that both share a common starting point: an individualistic conception of society. The modern idea of the social contract represents, in his view, a Copernican revolution in the relationship between individual and society because it marks the end of all organicistic and holistic notions. By putting the particular individual with her interests, needs, and rights at the origin of society, the individualistic conception made possible not only the liberal state but also the modern idea of democracy, whose fundamental principle is that the source of power is each individual taken independently and counted equally. Liberal ideas and democratic procedures could therefore be interwoven, and their combination leads to a situation where "Liberalism defends and proclaims individual liberty as against the state, in both the economic and the political sphere; democracy reconciles individual and society by making society the product of a common agreement among individuals."[5]

I agree with Bobbio about the importance of individualism in the birth of the modern conception of society, but it seems to me that the real question today is whether a certain kind of individualism has not become an obstacle to the extension of democratic ideals. Many of the problems that Bobbio finds in modern democracies could be attributed to the effects of individualism. For instance, in their critique of the work of John Rawls, contemporary com-

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munitarians have argued that it is precisely the individualistic conception of the subject existing with his rights, independently of his place in society, that is at the origin of our problems. Far from seeing the solution in a new social contract, they consider that it is the very idea of a contract, with its atomistic implications, that needs to be abandoned. This is why they argue for a revival of the civic republican tradition with its richer conception of citizenship and its view of politics as a realm where we can recognize ourselves as participants in a political community organized around the idea of a shared common good.

It is not my intention to enter into that debate here,[6] but I would like to present some reflections on the specific problems faced by the extension of democracy today and the way in which an individualistic framework cannot deal with them. Let me start by indicating points of convergence with Bobbio. He is certainly right to stress the importance of representative democracy and the need to abandon the illusion of perfect consensus in a completely transparent society. Modern democracy has indeed to come to terms with pluralism. But it is precisely on that point that individualism is an obstacle because it does not allow us to "theorize" pluralism in an adequate way. If representative democracy needs to be defended, we must also acknowledge that its theory is really deficient and that we have to formulate new arguments in its favor. As Carl Schmitt (an unlikely ally) has shown convincingly in his critique of parliamentary democracy,[7] the classical theory of representation has been rendered obsolete by the development of modern mass democracy. As a consequence, not only did parliament lose much of its influence, it also became the arena where antagonistic interests came into conflict. Bobbio seems to agree with such a critique of the classical view of representative democracy, with its conception of political representation that stipulates that the representative who is called on to pursue the interests of the nation cannot represent particular interests and be subject to a binding mandate. Indeed, he declares that no constitutional norm has ever been more violated than the veto on binding mandates. He even goes so far as to admit that it could not have been otherwise and declares:

> Confirmation of the victory—I would dare to say a definitive one—of the representation of interests over impartial political representation is provided by the type of relationship, which is coming to be the norm in most democratic states in Europe, between opposed interest groups (representatives of industrialists and workers respectively) and parliament. This relationship has brought about a new type of social system which is called, rightly or wrongly, "neo-corporatism."

Bobbio leaves the question at that point and does not provide us with a new rationale for representative democracy, one that would take account of the role played by interest groups. To be sure, Bobbio refers to certain developments in democratic theory that have shifted the emphasis of the classical theorists on the ideas of "participation" and "sovereignty" in order to put the idea of accountability at the center of the theory. It could indeed be argued that his insistence on a procedural conception of democracy is proof that he situates himself in the camp of the realists rather than the classicists. The problem is that he often combines elements from the two traditions without realizing that they can be in conflict. Can one put together Schumpeter and Mill in such an unproblematic way as Bobbio seems to believe? And things get even more complicated when it comes to the point of articulating socialism with that peculiar mixture. Besides insisting on the necessity of a principle of distributive justice and the need to recognize social rights, Bobbio does not really have much to say on that topic.

If we want to find solutions to the problems facing liberal democracies today and provide an effective articulation between socialist goals and liberal principles, we have to escape the framework of individualism. I am not arguing for a return to an organicist and holistic conception of society, which is clearly inadequate for modern democracy.

The best alternative to such a view is not the individualistic conception predominant in liberal theory. The problem is to understand the individual, not as a monad, an "unencumbered" self existing previous to and indepen-

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dently of society, but as constituted by an ensemble of "subject positions," participating in a multiplicity of social relationships, member of many communities and participant in a plurality of collective identifications.

Hence the representation of "interests" and the recognition of "rights" have to be posed in a new way. The idea of social rights, for instance, is best envisaged in terms of specific communities. It is through her participation in specific relationships that a social agent is granted rights, not as an individual outside society. Some of these rights will of course have a universal character and belong to all members of the political community, but others will be related to specific social situations.

What is at stake here is not a rejection of universalism in favor of particularism but the need for a new relation of the two. There is a way in which the abstract universalism of human rights can be used to negate specific identities and repress specific communities. Without coming back to a view that denies the universal human dimension of the individual and makes room only for pure particularism, it should be possible to conceive of individuality as constituted by the intersection of a multiplicity of personal and collective identities that constantly subvert each other. But what does this mean in political terms?

Associational Socialism and Liberal Socialism

Once we have broken with the straitjacket of individualism, we can imagine the articulation between liberalism and socialism in a much more promising way. In such an endeavor we can find an important source of inspiration in the current of associational socialism, a third tradition in the history of socialism, which flourished during the nineteenth century and until the early 1920s both in France and Britain. Paul Hirst, a leading British social theorist, who for several years has been working towards the elaboration of a credible Labour response to the neoliberal policies of the Tories, has recently argued that the end of the cold war as well as some recent economic changes in the West have created conditions in which those ideas could become interesting again.[8] Using the work of Michael Piore and Charles Sabel, he claims that the current move toward flexible specialization in manufacturing has increased the importance of regional economic regulation and small-to-medium-scale firms.

> Decentralization and the promotion of economic self-government offer the best prospect of a form of industrial organization in which the major contributing interests—the providers of capital, management expertise and labor—have an active interest in the continued manufacturing success of the firm (p. 21).

It is because of the need for democratization and decentralization that, according to him, associational socialism becomes relevant. For its central idea is that economic units should be cooperatively owned, self-governing associations.

Like Bobbio, Hirst considers that socialism must formulate its objective as the deepening of liberal democratic values and that the realization of its goals should not be seen as requiring a break with constitutional government and the rule of law. He also understands democracy as a struggle against all forms of autocratic power and socialism as a specific dimension of that struggle. "If socialism has any relevance today, it is in raising the two linked questions of the democratic governance of private corporations and the democratization of state administration."[9] But, unlike Bobbio, he tries to put forward specific proposals to help us visualize what form such a democratization could take.

Hirst sees associational socialism as representing the only challenge to corporate capitalism that respects the principles of liberal democracy. His ideas are very useful, even if—as he himself recognizes—the appropriation of such a tradition must be selective, since some of its ideas have clearly become obsolete. What is particularly convincing is the argument that associational socialism, because of its emphasis on the plurality and autonomy of enterprises, can enhance the politics of Western pluralism and liberalism. Clearly, if we want a more democratic society, we need to make room for a multiplicity of democratically managed associations and communities. Because associational socialism encourages the organization of social life in small units and challenges the forms of hierarchy and administrative centralization, Hirst argues that it can

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give us important models for the democratization of corporations and public bodies.

> Education, health, welfare, and community services can be provided by co-operatively or socially owned and democratically managed bodies. Associational socialism permits such bodies to set their own objectives. It is thus compatible with a pluralistic society in which there are distinct sorts of values or organized interests. It can tolerate and, indeed, should welcome, for example, the Catholic Church and the gay community, which provide health and welfare services for their members.[10]

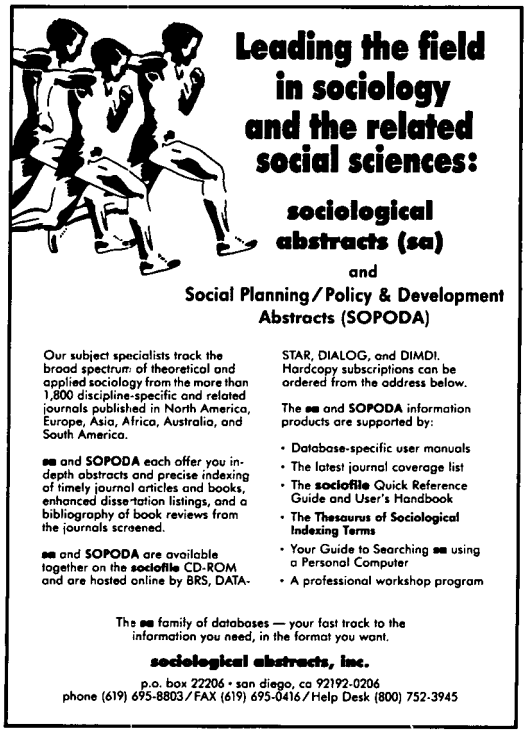
Obviously, pluralism can never be total, since it requires a legal order and a public power; contrary to the views of pluralists like G.D.H. Cole and the early Harold Laski, the state can never become merely one association among others; it must have some primacy. An associational society needs a state, and one important question still to be tackled concerns the form that such a pluralist state should take. In Hirst's view,

> A pluralist state defines its *raison d'être* as the assistance and supervision of associations. Its legal task is to ensure equity between associations and to police the conduct of associations. It treats both individuals and associations as real persons, recognizes that individuals can only seek individuality and fulfill themselves through association with others, and accepts that it must protect the rights of both individuals and associations.[11]

This last point is particularly important because it indicates a crucial area for democratic theory. Associational socialism can show us the way to overcome the obstacles to democracy constituted by the two main forms of autocratic power—large corporations and centralized big governments. But this requires a break with individualist modes of thought long dominant in the liberal tradition. Today, to think of democracy exclusively in terms of the control of power by individuals *uti singuli* is completely unrealistic. If, as Hirst points out, "democracy's future at the national level rests less on the choices of individual voters than on the effective representation of organizations representing major social interests,"[12] the central issue of democratization becomes: how can antagonistic interests be controlled so that no concentration of interests exercises a monopoly on economic or political power and dominates the process of decision making?

Western societies are democratic because of the pluralism of interests that they have been able to secure and the competition that exists among them. Elections in and of themselves do not guarantee democracy if they are only mechanisms for legitimating governments that, once elected, are unresponsive to the needs of the citizens. A multiplicity of associations with real capacity for decision and a plurality of centers of power are needed to resist the growth of technocracy and bureaucracy. Pluralism can only be defended and deepened by relinquishing the atomistic liberal vision of the individual and by recognizing that it is only through participation in a set of social relationships that the individual is constituted.

It is in this area, in the formulation of a new approach to individuality that restores its social nature without reducing it to a simple component of an organic whole, that the socialist tradition of thought can enrich and deepen liberal democracy. We are witnessing today the return of many premodern forms of community with the increasing appeal of fundamentalist and populist movements. In many cases they are a reaction against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the social disintegration caused by liberal individualism. When this is not the case, as in the former communist world, it is a dangerous illusion to see the remedy in the development of the very individualism that is at the origin of the problems faced by advanced liberal democracies. Hence the urgency of taking seriously the socialist critique, because it is only through the articulation between political liberalism and socialism that we will be able to create a framework in which the demands for a modern and pluralistic form of community can be met. Indeed, this is the task that the project of radical and plural democracy has set itself. □

Notes

[1] Ernesto Laclau and Chantal Mouffe, *Hegemony and Socialist Strategy: Towards a Radical Democratic Politics* (London: Verso, 1985).

[2] Norberto Bobbio, *The Future of Democracy* (London: Polity Press, 1987), p. 25. All subsequent references are from the same work unless otherwise noted.

[3] Norberto Bobbio, *Which Socialism?* (Polity Press, 1987), p. 99.

[4] Bobbio, *Liberalism & Democracy* (Verso, 1990), p. 9.

[5] Ibid., p. 43.

[6] I have discussed this issue in several articles: "American Liberalism and Its Critics: Rawls, Taylor, Sandel and Walzer," *Praxis International* 8, 2 (July 1988); "Rawls; Political Philosophy Without Politics," *Philosophy and Social Criticism,* Vol. 13, No. 2, 1987; "Democratic Citizenship and the Political Community," in *Community at Loose Ends,* ed., James Creech, University of Minnesota Press (forthcoming).

[7] Carl Schmitt, *The Crisis of Parliamentary Democracy* (MIT Press, 1985).

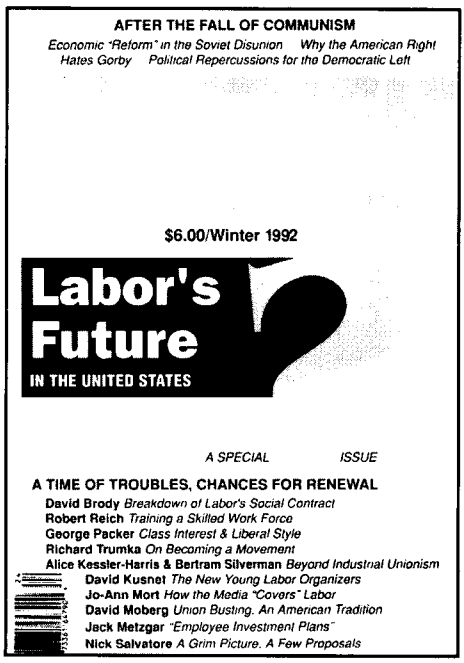
[8] Paul Hirst, "From Statism to Pluralism," in *The Alternative: Politics for a Change,* eds., B. Pimlott, A. Wright, T. Flower (London: W.H. Allen, 1990).

[9] Paul Hirst, "Associational Socialism in a Pluralist State," in *Journal of Law and Society,* Vol. 15, No. 1, Spring 1988, p. 141.

[10] Ibid., p. 142.

[11] Ibid., p. 145.

[12] Paul Hirst, "Representative Democracy and its Limits," in the *Political Quarterly,* Vol. 59, No. 2, April-June 1988, p. 202.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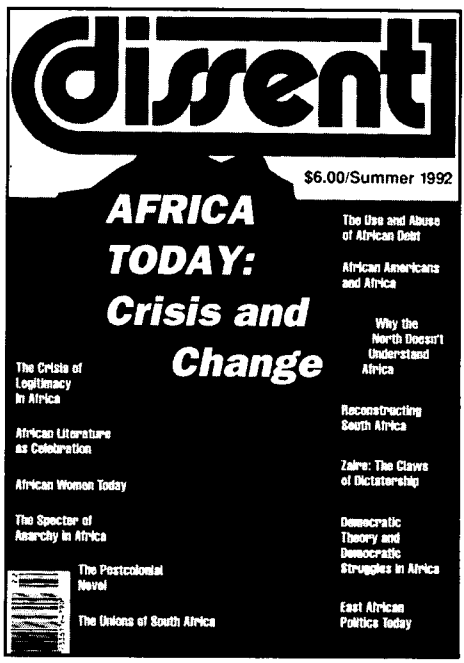
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Tadeusz Kowalik

CAN POLAND AFFORD THE SWEDISH MODEL?

Choices in the Postcommunist Societies

During the last three years, the ruling elites in the countries of Eastern Europe, especially Poland, have clearly aimed to limit or even liquidate entirely the welfare state. They have introduced various forms of commercialization and privatization into the sphere of social services and they have made direct cuts in budgetary expenditure. Not so long ago the democratic opposition was complaining about the government's deliberate low-wage policy; now it complains that we are all living above our means. This complaint is accompanied by attacks on the "dictatorship of the trade unions." At the same time, many people argue that the economic difficulties of the Western countries are a direct result of the excesses of the welfare state. Rejection of the welfare state has become the basic goal of leading conservative politicians. Sweden is taken as the ideal model of the welfare state, although it is well known that the "welfare state" is a phenomenon that encompasses much more than this one—in many respects unique—Scandinavian country.

According to Tadeusz Syryjczyk, minister for industry in the former government of Tadeusz Mazowiecki, "Any hope for a return to, or construction of, a welfare state is a vain hope. It will be many years before Poland can afford the Swedish model, and its implementation has led to an excessive decline in responsibility on the part of the individual and the family and has hindered economic growth." One frequently gets the impression that undermining the credibility of the Swedish model constitutes part of a strategic propaganda campaign. Another example can be found in a recent article by Dariusz Teresinski criticizing what the author refers to as "socialist capitalism": "Socialism cannot exist without a permanent source of external support. The version that they tried to build in Sweden was supported by a positive foreign-trade balance, and this trade balance resulted from, among other things, an increased demand for khaki-colored equipment in a divided world."

The Swedish model is perceived as a luxury that induces universal laziness, a luxury we Poles are supposed to deny ourselves for many years if we want to undertake what Tadeusz Syryjczyk calls "great civilizational changes." It is assumed (and sometimes stated outright) that Poland now has to go through the stage of "primitive accumulation of capital," just as the developed countries of the West did in the nineteenth century.

Neither Syryjczyk nor anybody else close to the leadership bothers to ask whether it is possible that, in the twentieth century, the welfare state has become a precondition for the successful implementation of these great civilizational changes. Nobody considers whether the welfare state itself might not constitute an irreversible civilizational change. If this is indeed the case, we need to consider not only the negative but also the positive experience of the welfare state in those countries with a high level of economic development.

Right now in Poland there is a widespread feeling that we are not only in the middle of an

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economic crisis but that a critical point has also been reached in the program that determines the basic direction of systemic change. It is virtually impossible to open a newspaper without seeing headlines such as: "Blind Alley," "Vicious Circle," "Impasse," "A Bad Climate for Reforms." There is a growing awareness that the fundamental cause of this impasse is the economic collapse brought about largely by the "shock therapy" applied during the last two years in the face of mounting public opposition. In recent months it has been publicly stated with increasing frequency that the majority of the population is opposed to the reforms, opposed to the capitalist system that has been constructed, and that the political elite is now aiming to implement the reform program against the will of the majority.

For those who consider the democratic nature of our systemic transformation *the* central value, the fundamental question is: is there any chance of achieving a social contract that would allow us to overcome what has been termed appropriately "the equilibrium of the powerless" and to make our way out of the blind alley in which we currently find ourselves? There is no doubt that it would now be extremely difficult to achieve such a contract, and that ever more obstacles arise with each passing day. But the alternative is an ever deepening crisis, growing feelings of hopelessness, and slumpflation—all of which may provide fertile soil for dictatorship.

Here, I want to examine the Swedish experience as the starting point for systemic change in Poland, because it seems to me that, for Poland (and perhaps for other post-communist countries), what is most important are those features of the Swedish model that distinguish it from other forms of the welfare state.

Swedish Critics of the Model

A sensible evaluation of the Swedish model, must acknowledge that the weaknesses and defects—perhaps not so much in the model itself as in the way it has been implemented—are real problems and have not been simply invented by its critics. Critics may have distorted the relative weight of the model's defects, but defects there are.

Probably the most serious and best-known critic of the Swedish model is Assar Lindbeck, Stockholm University professor and president of the European Economic Association. At a 1990 OECD conference dealing with the transition to the market, Lindbeck gave a speech essentially addressed to politicians and economists in East-Central Europe. Perhaps the most important point of this speech is Lindbeck's rejection of the widely accepted neo-classical thesis regarding the contradiction between efficiency and equality. According to Lindbeck, the Swedish experience shows that

> It seems possible to combine the traditional "liberal" model with quite ambitious programs of income transfer, social security systems, and welfare state services to households—*up to a point*. The difficult and controversial issue, of course, is the exact whereabouts of this point, and how to avoid . . . overshooting it. My personal interpretation is that severe problems did not emerge in Sweden as long as total public sector spending was below about 40 or even 50 percent of GNP, including "public consumption" of 15 to 20 percent of GNP. I would not advise any country to go above such figures—perhaps not even close to them.

Lindbeck's detailed recommendations concerning this great "trade-off" will astound those attuned to the policies of Reagan and Thatcher:

> The Swedish experience also suggests that it is dangerous to create incentives to absenteeism—for instance due to high marginal tax rates or very generous conditions in health insurance and early retirement systems, etc.
>
> When discussing incentive problems, it is important to emphasize that there is not necessarily a conflict between efficiency and equality. What has negative consequences for economic efficiency (and economic growth) is marginal wedges between factor incomes and disposable income and hence between the social and private return on effort. Thus, a rather equal distribution of income may not by itself be unfavorable for economic efficiency, to the extent that it is the result of an even distribution of human and financial capital.

Unfortunately, Lindbeck does not elaborate on what needs to be done in order to ensure this

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even distribution of human and financial capital, although elsewhere he criticizes Rudolf Meidner's concept of investment on the part of workers' funds.

Lindbeck is thoughtful and cautious in his approach to the major features of the Swedish model: the policy of full employment, the pension system, and so on. Moreover, he notes the growing consensus regarding numerous exaggerations of the model. Lindbeck has doubts, however, as to whether this consensus within what he calls the "political class" is itself sufficient to ensure that these extremes will be abandoned. He warns those countries now setting out to create a welfare state against the tendency to perceive certain social and political processes as irreversible; public sector expenditure should be expanded *cautiously*. One cannot but agree.

To these criticisms from an economist's perspective we can add numerous criticisms concerning the excessive growth of the bureaucracy, the arrogance of power, and the "etatization" of the Social Democratic party (SAP) and the trade-union leadership, perhaps an inevitable result of the party's uninterrupted rule for several decades. No doubt, every visitor to Sweden has taken part in conversations about the absurdities resulting from the overprotective policies of the state. Everyone knows how financially profitable divorce is for a woman with three children; the amount she receives in family allowances, housing subsidies, and so on far exceeds what she earns if she goes to work as a married woman. Everyone knows also about the cumulative absurdities of the tax system—although Sweden by no means has a monopoly on such absurdities.

Although I agree with the criticisms of Lindbeck and other Swedish liberals, I remain convinced that the Swedish model itself, with its basic components, constitutes an overwhelmingly positive experience, a major historical innovation. It thus deserves thorough examination from the point of view of the changes currently under way in Eastern Europe.

In order, however, to perceive the historical significance of the Swedish experience, we need to shift our focus away from its current problems, which are caused only in part by systemic factors. To a large extent, these problems can be attributed to current economic policy—a factor generally ignored by ideologically motivated critics. The most common argument adduced in the effort to discredit the Swedish model is that the current economic crisis is a crisis of the model itself. It has been argued, for example, that declining economic growth rates and the low rate of savings are the direct result of the "welfare state." If this is the case, how do we explain the fact that the rates of both economic growth and savings are even lower in the United States than in Sweden? Specific, nonsystemic circumstances? Economic policy? Japanese competition? If so, we are entitled to ask why such factors are studiously ignored in the case of Sweden.

A Model or a Path?

In Poland the most popular argument of those who reject the Swedish model is that we simply can't afford it because the Polish economy is at a significantly lower level of development. No sane person, however, suggests that we ought to guarantee the citizens of Poland the same kind of generous state benefits currently provided in Sweden.

The sensible question is whether we have anything to learn from the *path* that Sweden followed to its current level of prosperity and social security. From this point of view, both the current institutional arrangements and the way in which they were formed are equally important. Sweden's socioeconomic system is at least fifty years old. Its basic components have been formed in the course of a rich and complex historical process. It should be remembered that every system has its high and low points, every system can be reduced to absurdities, can be distorted or corrupted.

Social Contracts

Sweden's socioeconomic system is based on a number of agreements which, taken together, constitute a kind of Social Contract that has survived several decades. This Social Contract covers both the direction and content of socioeconomic policy and the mechanisms for

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resolving conflicts and arriving at key decisions.

Some observers argue that the ease with which the Swedes arrive at agreement and their ability to arrive at enduring compromises constitute a national characteristic that, by definition, cannot be emulated by other societies. There is a grain of truth to this argument, which takes as its basis the peasant origins of Swedish society. On the other hand, the history of Sweden in the early twentieth century does not bear out such an idyllic portrait. As many historians have shown, during the 1920s and 1930s there were numerous strikes and lockouts. Sweden has known rioting and even death on the streets. Even later, the path leading to the social contract proved to be a difficult one, with numerous obstacles. What is important, though, is the fact that for several decades there was a group of intellectuals, politicians, and social activists who believed in a social contract.

The first major agreement was concluded in 1933, on the initiative of the Social-Democratic party, which had recently won the largest number of seats in the lower house of parliament, although not an absolute majority. The novelty—and strength—of this party, which worked closely with the trade unions, was its program to overcome the Great Depression. By proposing to increase purchasing power as a remedy for massive unemployment, the Social Democrats were able to reach an agreement with the Agrarian party; the Social Democrats would support higher prices for agricultural produce in exchange for the Agrarian party's support for public works and unemployment benefits. This was an alliance against three bourgeois parties that continued to cling to the orthodoxy of free trade. This alliance was made possible by the fact that the SAP had rejected its previous doctrinaire policies based on Marxism in favor of a program based on pragmatism, reformism, and solidarity. The slogan that encapsulated all these features was that of *folkhemmet*, which roughly means the state as "the home of the people" and society as a large family that cares for the well-being and security of all its members.

Two leading members of the SAP in particular, Minister of Finance Ernest Wigforss and Minister of Labor Gustav Moeller, played a major role in the formation of the Swedish system. They laid out the theoretical basis and translated into programs of action an entire package of social and economic reforms that preceded, or ran contemporaneously with, Keynes's interventionist policies and Roosevelt's New Deal. In 1931, Wigforss was one of the first in the world (Keynes's major work was not published until 1936) to attack the dogma that high wages were the cause of recession. He showed that wages must be treated not only as a cost factor, but also as an integral part of global demand. Somewhat later, Gunnar and Alva Myrdal showed that social reforms to improve family living conditions could counteract the dramatic decline in population.

Although the social democrats took the lead in the formation of the Swedish model, an important role was also played by the social reformism of the liberal party (Folkpartiet). Swedish liberalism has been characterized by a pragmatic reformism whose roots reach back to the end of the nineteenth century. The concept of social liberalism was given theoretical formulation in the mid-1930s by, among others, Bertil Ohlin, who later received the Nobel Prize for economics. It is frequently forgotten that Swedish liberals have more in common with the American Democratic party than with the supporters of Thatcherism or the free-market politics currently advocated in Poland. Although the liberals rarely formed part of the governing coalition, many of the reforms that came to constitute the Swedish model were made possible by their open-mindedness. They also helped to create an atmosphere conducive to cooperation between trade unions and employers.

The second major agreement, concluded in 1938 in Saltsjobaden between the most powerful trade union federation (LO) and the most powerful employers' organization (SAF), probably constituted the decisive turning point in the formation of the Swedish model. This so-called Basic Agreement established the Labor Market Council, which was to resolve management-labor disputes through negotiations. The agreement also established proce-

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dures for worker layoffs and principles governing negotiations (including limitations on strikes and protest actions while negotiations were taking place). Both parties to this agreement aimed to exclude politicians from decision making related to the labor market.

Just as the first agreement did not mean that the social democrats and agrarians had entered into a lasting coalition, so the second agreement did not turn out to be permanent. In the 1970s, the employers' federation began to boycott the central mechanisms for resolving labor disputes in favor of negotiations at the plant level. The 1980s were years of crisis in which cooperation between capital and labor became ever more attenuated until the Salsjoebaden agreement collapsed completely.

The institutional results of the full-employment policy have turned out to be far more long-lasting. Still in place is the extensive and experienced labor-market administration, which implements this policy. The new "bourgeois" government, like its social-democratic predecessors, considers active struggle against unemployment (and not only through overcoming the recession) one of its major tasks. A document drawn up by the new government and parliament states: "The goals of economic policy remain unchanged: full employment, economic growth, stable prices, a just distribution of national income, regional equality, and a healthy environment."

A characteristic feature of Sweden's full-employment policy is the large percentage of resources (in general, the largest of any country) allocated to combating unemployment, as well as the extensive range of means used to implement the policy, including worker retraining and job creation.

Fair Wages and "Creative Destruction"

It was Joseph Schumpeter who formulated the notion of crises as "creative destruction." A rapid decline in demand leads to lower prices, and factories that are unable to adapt by lowering production costs through innovation simply go bankrupt and drop out of the market. In this costly and painful manner, economic progress takes place. It has been pointed out that, in many countries, these economic cycles have found a substitute in war, which has "liberated" the economy from its out-of-date productive apparatus.

From the 1930s onward, Sweden implemented an increasingly successful antirecessionary policy while adhering to a policy of neutrality in its international relations. The country could not, then, count on the "beneficial" effects of either recession or war. Some other kind of mechanism had to be found to eliminate out-of-date plants and technology in the conditions of balanced growth that Sweden enjoyed until the oil crisis of the 1970s. The younger generation may find it hard to realize how great was the temptation during the postwar years to replace the market with planned investment and far-reaching state intervention in technological development. After the dramatic experience of the Great Depression and what appeared at that time to be spectacularly successful planning in the Soviet Union, the atmosphere in many countries was so imbued with the mythology of "planning" that even free marketeers declared that "these days, we're all planners." This temptation must have been all the greater among trade-union activists, by nature mistrustful of market institutions. Moreover, in Sweden and elsewhere, many of the compromises arrived at by capital and labor were intended to limit the functioning of the market or restrict its destructive forces.

At the same time, there emerged two economists with ties to the trade unions who, despite widespread aversion to the market, proposed a mechanism that would replace periodic, and highly destructive, recessionary cycles with the constant "creative destruction" of the market. Gosta Rehn and Rudolf Meidner suggested implementing the principle of "equal wages for the same work," regardless of the technological level or organization of production in a given plant or branch of industry. Henceforth, the wage level was not to be based on the average wage or, even worse, on wages in the most inefficient firms, but on wages in the most profitable firms that were successful on the world market.

Rehn and Meidner did not encounter significant opposition to the idea of centralized negotiation and setting of wage rates. On the

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contrary, there was general acceptance of their argument that unions would thus be rid of their "age-old" dilemma—to struggle for higher wages and thus fuel inflation or to abandon this struggle and thus weaken the union movement. The employers' federation, which was dominated by the owners and managers of the most modern enterprises, approved the system of centralized collective bargaining in the hope of minimizing inflationary pressures. Of course, the implementation of this proposal was made possible only thanks to several favorable circumstances.

One of these was a growing feeling of security on the part of workers and the union movement. This derived from the policy of full employment, which was already in effect and showing some results, and from the existence of an efficient administration that worked closely with the unions. Workers in enterprises on the verge of collapse did not, then, feel themselves abandoned and left to their own devices. In any case, Rehn and Meidner proposed an expansion of programs to combat unemployment.

Also crucial was the fact that central institutions and procedures for negotiating collective agreements were already in place. These included not only those institutions that came out of the Saltsjobaden Agreement but also a whole administrative-organizational system that emerged during the years of wartime mobilization of the economy (neutral Sweden prepared for war in the event of any infringement of its neutrality) and which was purposely retained after the war.

In general, it can be said that, as far as the guarantee of full employment was concerned, as well as more equal income distribution and housing policy, the policies of Sweden's Social Democrats were closer to democratic planning than the free market.

Swedish Social Liberals and Polish Conservatives

It is obvious that neither now nor in the foreseeable future can we afford to transfer Sweden's level of welfare to Poland. This is especially true in light of the fact that Sweden's prosperity consists not only of the country's income levels but also its accumulated wealth. Nor can we afford today to try to imitate Sweden's distribution of national income, the proportion of resources allocated to social security and social services. The fact is, however, that no one has advocated this. For this reason, we can only conclude that this argument serves another function. Presumably, those who propound this view think that it is the easiest way to get rid of the problem. And the problem is simply this: is it possible, at the end of the twentieth century, to repeat the primitive accumulation of capital with its drastic extremes in income distribution, including the absence of all responsibility on the part of the state for employment, education, housing for the poor, and so on?

I believe that this is no longer possible in light of the significantly higher level of education and political experience on the part of the work force, the demands of modern technology, and the level of expectations that have been formed by, among other things, the "demonstration effect" of Western living standards. All these factors mean that a primitive accumulation of capital is no longer possible. Our economic modernization and sociocultural development will inevitably have to take place in the framework of a welfare state, albeit one that is far poorer and more modest than Sweden's. Contemporary theories of economic development, which are largely based on the experience of the Third World, indicate—and this is borne out by empirical data[1]—that expenditure on education, health, and other components of the social infrastructure is a major factor in increasing labor productivity at the macro level even though, from the micro-economic point of view, they appear to be only a current cost in the form of high taxes. This approach takes as its starting point the notion that the state has responsibilities and that these include the responsibility to respect the principle of equal opportunity and to mitigate inequalities in income. This approach leads us to reverse the argument of Poland's conservatives: *Poland simply cannot afford to abandon the welfare state*. Of course we need drastic reforms, but reforms *within the framework* of the welfare state. The sooner the political class realizes this, the less likely that it will face disaster.

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On the Polish Road to Prosperity and Justice

In my opinion, Sweden's experience suggests a number of conclusions and provides a basis for a number of demands that the Polish left ought now to put forward.

1. The first and most fundamental conclusion is that we should aim for the broadest possible *social participation*. By this I mean that we should aim not only to assist the poorest or neediest groups in our society but we should institute genuine industrial democracy and, even more important, involve people in creating social and political institutions. In other words, we need to create conditions for *mass participation in the conscious creation of the new social order*.

The policy of *folkhem,* initially launched by a group of progressive intellectuals, resulted in Sweden's having the highest turnout in elections and the highest percentage of the work force in trade unions, a powerful consumer movement, and a strong environmental movement. Sweden's institutional system was created not by the government, nor even by the social democrats, alone. It grew out of cooperation with numerous professional and social organizations, above all the trade unions and employers' federations.

In the traditional Western democracies, voter turnout is low and generally declining, and unions and other social organizations are declining in strength. This accords with the logic of the free market. After all, if the market fixes everything, if the individual can only correct its mistakes *post festum*, there is no role for social activity apart from charitable works. One of the main (if not the main) reasons for the social passivity of postcommunist Poland is precisely the fact that the ruling political elite has decided that it "knows best," that from the very beginning and quite deliberately it decided to implement a "revolution from above." In this respect, too, our political elite fails to take note of the historical experience of modernization and the most recent theories of socioeconomic development based on the experience of the Third World. Contemporary theories of economic development are highly critical of development models implemented during the 1960s, which involved the imposition from above of economic programs thought up by experts—usually Western experts. An alternative model, based on widespread participation in both the formation and implementation of modernization programs, is gaining credence.

2. The second conclusion from the Swedish experience is that we should reject the thesis that egalitarianism conflicts with efficiency, that economic growth is best served if income levels are determined by spontaneous market forces, and that any intervention in the workings of the market constitutes a "cost" to society. In other words, we should advocate a *moderate egalitarianism* that will reduce the scale of inequality.

The example of Sweden also shows that a reduction in inequality is not simply a question of income *redistribution*, that it is possible to design a wage structure in which differences in initial income are less than they are in many other capitalist countries. This involves flattening income differentials (and not just through progressive taxation) between workers and managers. One can also find plenty to support this conclusion in the wide-ranging Western debate about the totally unjustified and exorbitant privileges of top management in large corporations.

3. Sweden's experience also shows that we should demand state intervention in the economy, that the state should pursue an active policy in the labor market and, to a lesser extent, in the capital market also. It is obvious that, during the period of restructuring, the unemployment rate will inevitably be higher than it is in those countries with full-employment policies, especially Sweden. In my opinion, however, the state has at its disposal all the tools it needs to limit the scale of unemployment. Unemployment cannot be treated as though it were an integral feature of a market economy based on private ownership, nor should labor power be treated like any other excess commodity. Sweden has shown that unemployment does not have to be viewed as an indispensable mechanism with which to discipline the work force.

Nor should the capital market be entirely free of state intervention. The state needs to concern itself with investment in the social infrastructure, including subsidized, low-cost housing. The

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free-market approach to housing policy was one of the most disastrous aspects of the Balcerowicz program. For many years (even decades) to come, the state should follow a two-track housing policy. In addition to creating a housing market for the wealthy, the state should implement a policy of cheap communal and cooperative housing. Such a policy was implemented on a broad scale by West Germany, Austria, and France after the war.

4. The final conclusion that we can draw from the Swedish experience concerns the need to "de-etatize" the economy in line with the Swedish notion of the (limited) socialization of property or, more generally, the theory of ownership as a cluster of functions—the basis for the theory of functional socialism. I have written about this in detail elsewhere, and I do not wish to return to the issue here, except to point out the following: Poland is now in the process of de-etatizing its economy, and privatization of a substantial proportion of the state sector is one of the main ways in which this is to be achieved. The functional notion of property, in the version espoused by Swedish social democrats, has on occasion been drastically simplified or distorted. Nevertheless, this approach can be useful in the transformation of property relations if this transformation is viewed as a social process. This is particularly the case when one realizes that for the foreseeable future, Poland will not have an economy based completely, or even largely, on private property; political and economic realities dictate that we live with a mixed economy for many years to come. This means, among other things, that, in contrast to the West, a far greater role will be played by non-state and non-private forms of property, such as cooperatives and worker-owned companies. The social contract would have to eliminate a number of barriers to the development of these forms of property. This would involve rejecting the notion of unrestricted competition as an overriding value and combining competition with cooperation.[2] It would also involve reaching agreement on the reduction of drastic income differentials which would otherwise undermine the development of cooperatives, ESOPs, and so on.

Feasibility

The four points elaborated above constitute, in my opinion, the basis of the Swedish model and have, generally speaking, worked in practice. Their acceptance by the architects of Poland's systemic transformation is, above all, a question of a choice of values and thus a question of the social movement that will dominate the process of change. I am not advocating that we transplant to Poland another country's entire institutional system but simply that we learn from the experience of others. While following these positive guidelines, we should be aware of the dangers that have emerged in Sweden. In my view, the main danger is that of etatization, which lurks behind all our four proposals. It can be seen in the priority accorded, somewhat thoughtlessly, to the principle of centralization and the failure to appreciate the value of decentralization and polycentrism in social life. It is true that both the SAP and recent governments have emphasized the virtues of decentralization, but they have not followed through in a consistent manner. It is possible, then, that former centralizing tendencies have become so strong within the state apparatus that powerful vested interests now prevent the state from effectively steering social processes. In this case, only the opposition parties are capable of releasing the state from the grip of vested interests and implementing the now widespread demand for a reduction in the role of the state.

So far, I have mainly discussed what is desirable. It is equally, if not more, important to answer the question of whether these demands are actually realistic in practical terms. Is it realistic to attempt to imitate the Swedish model in such radically different circumstances? In my opinion, there is no ready and obvious answer to this question.

It seems that the strongest argument in favor of a social contract is the widespread feeling of hopelessness in Poland today. On the one hand, there is the feeling that if the state authorities do not gain support from the population they have exceedingly little room for maneuver and, on the other, that in the current situation of polarization and equilibrium of the powerless the only thing left to society is to exercise

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negative power and block all initiatives of the government. Society has no possibility of exercising a positive influence over the course of events. In this situation, the only possible outcome is increasingly painful stagnation, a continuing decline in living standards, and deepening chaos. It is becoming ever more apparent that, without broad social support, no political party will be able to lead the country out of its blind alley.

At the beginning, I criticized the argument that the Swedish experience cannot be repeated by other countries. In fact, there are some striking similarities between Sweden and Poland. Although the history of these two countries has been dissimilar (Sweden, for example, did not have the corvée [*panszczyzna*] and its peasantry was therefore more independent, both politically and economically, than in Poland), the outcome was similar. Both societies bear the stamp of the peasantry. In both societies, social barriers are lower and differences in wealth smaller than in many Western societies. In both cases, the result has been an egalitarian ethos that has made it easier to arrive at compromises between social groups.

Nevertheless, there is one fundamental difference in the history of the two countries—the attitude toward the state. Swedish social democracy inherited a tradition of a strong state. The notion of *folkhemmet* essentially signified that it was precisely the state that was to constitute a "home for all citizens." At the same time, many periods of Poland's history have been characterized by a weak state. Even during the Stalin era, the Polish state was weaker than the states of neighboring countries. The other side of the coin is the alienation of the state apparatus, the mistrust of the state on the part of society, for whom the state signifies "them," rulers who care more for their own comforts than for the interests of ordinary people.

Many sociological studies reveal a longing for popular rule. It is possible, then, that a social contract could provide a mechanism whereby society regains control over the state. This would involve abandoning the attempt to impose a "revolution from above" because "the authorities know better." After all, despite Poland's traditions, two great social contracts (the August Agreements of 1980 and the Round Table of 1989) have proved possible. The question is whether the short life span of these contracts resulted from the "Polish national character" or from the logic of the process which made them possible—the collapse of the communist system.

Yet another difficult question is whether it is possible to imagine in Poland social forces sufficiently organized to carry through a social contract. Poland's current political landscape, with its numerous political parties (over one hundred all together, twenty-nine in parliament) is well known. One result is that it is extremely difficult to form a ruling majority. The union movement is far better organized. Now we have only three national union organizations: Solidarity, Solidarity 80, and the All-Poland Trade Union Coalition. Farmers' organizations too, despite some purely political differences, form a fairly cohesive bloc with a number of political parties and constitute a powerful lobby. Employers would have to be represented by, on the one hand, the political-state authorities representing the state sector and, on the other, representatives of the still poorly organized private sector. It is possible that parliament could play an important arbitrating role. Nevertheless, the natural arbitrator in the effort to conclude a social contract could, once again, be the Catholic church hierarchy, which has played a moderating role in the past. In order to play this role again, however, it would have to abandon its recent tendencies toward the clericalization of sociopolitical life, which are increasingly depriving it of support among the most enlightened sections of society.

Translated from the Polish by JANE CAVE □

Notes

[1] Nicholas Stern, "Public Policy and the Economics of Development," *European Economic Review*, No. 35 (1991).

[2] David Levin and Laura Tyson, "Participation, Productivity, and the Firm Environment," in Alan Blinder, ed., *Paying for Productivity* (Washington, D.C.: The Brookings Institution, 1990).

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Paul Berman

THE FUTURE OF THE AMERICAN LEFT

Part of a Continuing Discussion

What is going to happen to the American left, now that the world is turning upside down? Let me begin with a picture of what has happened in the past.

In the century and a quarter since the American Civil War and the rise of a modern capitalist economy, there have been three great upsurges from the left. In each instance a sizable part of the population rose up against injustice, won victories, pushed the country in more democratic directions—and left behind a sediment of institutions and beliefs that have turned out to be permanent features of American life. The sediments from these three great upsurges, one piling on top of the other, make up the vast historic American left.

Taking the three upsurges in reverse chronological order, the sediments that remain from each can be described this way:

From the third and most recent upsurge, that of the 1960s and 1970s, emerged the civil rights or black political movement, the movement for Latin and Asian immigrant rights, the feminist movement, the gay liberation movement, the ecology movement, and a variety of other social movements and radical tendencies (for example, the movement for the rights of deaf people) that continue to exercise a lot of force.

From the second upsurge, that of the 1910s through the 1930s, emerged the Socialist party, the socialist-influenced progressives, the Communist party, and other left-wing organizations—the formal left, so to speak, bits and pieces of which still survive.

The first of the upsurges took place in the long-ago 1870s and 1880s. From those now-forgotten battles emerged a workers' movement that, because of the German immigration of the time, was able to draw on Marxist and anarchist ideas about economic class, though for uses that turned out to be cautious and limited. The legacy of this early period, after the Marxist and anarchist influences had been digested and expelled, was the American Federation of Labor (AFL) and subsequent additions to organized labor.

Now, when we ask how the amazing worldwide events of the last few years will affect the American left, we have to specify just what left we have in mind. Discussions of the left in the United States have the frustrating tendency instantly to lose all shape and contour, like ice cream melting on the plate. The definition of "left," reasonably precise at first glance, turns out after a few minutes of conversation to vary widely for different people. This happens because each of these three great upsurges has deposited, as part of its own historic sediment, a different meaning of the term. For instance, when journalists discuss the left in reference to the Democratic party or the universities, what they usually mean are the social movements of the third phase: the black movement, the feminists, the

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gays, the ecologists, and everyone else who carries the mark of the 1960s and 1970s.

Then again, the term "left" is sometimes used to denote the organizations and writers who still use explicitly socialist vocabulary or analysis—which is to say, the organizations and writers who can trace their political genealogy back to American radicalism's second phase, the formal left of the 1910s through the 1930s.

The third meaning of the "left" is something else entirely: less a factual description than a thesis. It was proposed most clearly by Michael Harrington, who until his untimely death was himself the most prominent American political intellectual to bear the mark of the second or formal phase. The left in Harrington's sense includes not only the social movements of the third phase, not only the small socialist legacies of the second phase, but also, as the grand engine, the labor movement that descends from the long-ago first phase back in the 1870s and 1880s.

The socialist vocabulary has never taken hold in America, but from Harrington's perspective, in certain deep respects the left in America has never really differed from the mass social democratic movements of Western Europe. The creation of a primitive welfare state in the United States by the New Deal in the 1930s was powered in large part by Harrington's kind of European-style labor-led left. Again in the 1960s, the civil rights revolution (which went on to provide the model for feminism and the other social movements) was rendered possible only by something similar, with labor as a main engine. From the point of view of historical explanation, Harrington's notion of the left has had an obvious validity. It's reasonable to suppose, as he insistently did, that any future social reform on an equivalent scale will require new versions of the same broad left coalition.

On the other hand, it's quite true that, in the past, this kind of left, the broad powerful coalition, has taken shape in America only on rare occasion. The obstacles to any alliance larger than a rump or a fleeting coalition of convenience among the different elements are not just sociological or cultural, which would be daunting enough, but reach to the level of fundamental political philosophy. The labor movement from the first phase has drawn its strength principally from a philosophy of solidarity, as expressed in the crucial tactic of a strike, while the social movements from the third phase have drawn strength principally from a philosophy of rights, as expressed in the crucial tactic of a legal appeal to the U.S. Constitution.

To arrange alliances of one philosophy with the other—to find ways to promote solidarity in the context of rights, and rights in the context of solidarity—ought not, in principle, to be so difficult. A notion of joining together solidarity with rights is, I maintain, the crucial feature of democratic socialism, what distinguishes socialism from liberalism on one hand and populism on the other. It has always been something of an instinct for the socialist-influenced activists in America to try to bring together one with the other. Yet in each sector of the broad left, these people, the ones with the idea of a broader movement and with a larger program of social reform, have lacked the strength to play their unifying role with much effectiveness, or at any rate they have lacked the strength to build up sturdy institutions.

Why is that? A vast literature has debated this question ever since 1906, when Werner Sombart posed the question in its classic version: why is there no socialism in America? I have no quarrel with the traditional answers to this question: the lack of a feudal past in the United States, the relative prosperity of nineteenth-century American workers (the "shoals of roast beef" on which socialism went aground), the Emersonian intellectual tradition, the two-party structure of American politics, and so forth. But there is one further element that, it seems to me, has become a little clearer today, in the context of communism's collapse and the vast changes going on around the world.

It is sometimes forgotten that at the start of the second phase of American radicalism, in the 1910s, the Socialist party of America did seem to enjoy a potential that was not unlike that of its fraternal parties in Western Europe,

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even if an observer like Sombart already had his doubts. But like Socialist parties all over the world, the American Socialists underwent a split in 1920 over the question of Bolshevism—and the results in America turned out to be exceptionally disastrous.

As in many countries, in the generations that came after that decisive split, the communist side seemed to attract, at least in certain periods, many of the most dynamic and energetic people. These were the people who felt drawn to the Communist party itself from the 1920s through the 1940s, or became fellow travelers of the party, or in later decades became noncommunist supporters of Bolshevik-style revolutions or, more recently, of "vanguard" revolutionary movements abroad that maybe flew a Marxist flag or maybe a flag of third-world anti-imperialism. Yet these American leftists, for all their dynamism and their ability to out-compete their more democratic rivals on the left—these people were fated not only to fail at attracting wide American support but to arouse against themselves popular furies so vast as to be fatal.

One reason for this, which is not often mentioned, is the close social tie between the populations of what became the Soviet empire and the American working class. During the past seventy years, the United States may have appeared to be, of all countries around the world, perhaps the furthest removed psychologically from the Soviet Union. In reality, though, a big portion of the American working class movement throughout this century was, in its origins, Eastern European, Slavic, and Jewish, with family or ethnic ties to the Old Country; and for that reason, the same American working class that seemed so remote from the Soviet experience was, in reality, relatively well informed about the unhappy march of Eastern Bloc events, far better informed than the working class of most other countries outside of Eastern Europe.

Beginning in the 1960s, the large number of Cubans in Florida and New Jersey, not all of them wealthy or bourgeois, similarly influenced American attitudes toward communism in its third-world forms, and so did, though on a smaller scale, the immigrants and refugees who fled to America from Communist China, Vietnam, and Cambodia. The substantial sector of the formal left in America that looked kindly on communist-style movements abroad has, for that reason, always found itself tragically at odds with the keener knowledge of far larger portions of the general population, including those portions whose poverty and immigrant sufferings might have otherwise generated a respectful interest in left-wing economic ideas.

A further factor helps to explain the fiasco that overcame the formal left. Lenin's contribution to political theory was not only his concept of the "party of a new type" (which was, in democratic eyes, bad enough) but also, equally important, the interpretation of global economics that was offered in his pamphlet from 1916, *Imperialism: The Highest Stage of Capitalism*. The nineteenth-century left in the United States and all over the world looked with sympathy on the United States as the first and most advanced of the democracies. But the effect of Lenin's pamphlet was to offer a theoretical basis for reversing this attitude.

His argument attempted to explain away the errors in Marx's labor theory of value by identifying imperialism not as a byproduct of advanced capitalism but as capitalism's essence—as the very reason that workers in the advanced capitalist societies were growing richer instead of poorer, as should have happened, according to Marx's theory. Lenin's idea, especially as elaborated by later generations of economists in Latin America and elsewhere, pointed to the kind of imperialism that, in the case of the United States, preyed on much of the region immediately to America's south during the century and more after the 1840s.

Lenin and his school of thought saw in the military occupations, interventions, annexations, and exploitations of poor regions by rich ones something more than a merely objectionable and criminal use of wealth and strength. They saw in this kind of imperialism the core of the capitalist system, a main source of America's wealth and especially of the relative prosperity enjoyed by most of the American masses.

Lenin's theory was, of course, not entirely wrong. Imperialism exists. It is a stage of capitalism. But it is not capitalism's highest

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stage. It is merely the stage of capitalist relations abroad that corresponds to the stage of savage antilabor oppression at home. But by viewing imperialism as something more than that, by seeing imperialism as both a necessary consequence and cause of capitalist productivity, Lenin's theory ended up explaining too much, and the over-explanation led to any number of exaggerated and distorted analyses. The theory took the authentic meaning of imperialism and applied it to so many phenomena that even foreign investment in poorer countries came to seem like a kind of colonialism. The integration of previously isolated and undeveloped countries into the world market came to seem like a one-sided disaster.

In its fuller elaboration, the theory required its own adherents to turn against not just some specific appalling uses of American power but against American power itself; not just against the distribution of American wealth but against the wealth itself, which was pictured as largely stolen from other countries. And it affixed a significant part of the blame on the organized working class in the wealthier countries. For if the theory was right, even the labor movement in a country like the United States was incriminated by the benefits it drew from imperialist exploitation. Lenin emphasized precisely that fateful conclusion. In his pamphlet, he went out of his way to denounce Samuel Gompers, the founder and at that time still the leader of the American labor movement, just as he went out of his way to denounce, with a lot of vitriol, too, all the main labor and socialist leaders of the advanced industrial countries.

Lenin's theory was a kind of "hyper-anti-imperialism." Its fallacies were large, and its political costs were larger. The unavoidable corollary of Lenin's idea was the notion of the international class struggle, which led leftists in poor countries to imagine, extrapolating from *Imperialism* that their own social systems had been structured more by imperialist powers than by internal struggles. And the same theory led to the idea that successful revolution would require pulling the poorer countries out of the world market in favor of Soviet alliances and dependencies. These were not formulas for economic success or democratic progress.

In the United States, the same thinking led to misfortunes of a different kind. The theory of "hyper-anti-imperialism" achieved a popular acceptance on the formal left in America and even in certain sectors of liberal thought that never pictured themselves as left wing. And the effect was to convince large sectors of the broad American left to regard their own country, the United States, as far more criminal and rapacious than it actually was, and far less amenable to progressive reform.

The "hyper-anti-imperialist" left was thrown by this belief into conflict with its own anti-Leninist comrades elsewhere on the left, into conflict with the mainstream of the labor movement, into conflict even with some main elements of American culture. The formal left in a country like, say, France, has always contained a large, perhaps too-large, dose of out-and-out nationalism, from which the French left and France as a whole have drawn strength; but the American left found itself embracing an opposite tendency.

During some eras of the past, in moments of extreme anger and civil tension, the national estrangement of large sectors of the formal left in America has acquired an aura of emotional validity. A sizable minority of American opinion underwent an experience of something like estrangement during the course of the Vietnam War, and the same thing happened on a smaller scale during the many battles against President Reagan's policy of allying with the extreme right in Central America. These experiences seemed to produce, for years at a time, an apparent success for the estranged wing of the left. But at a deep level, the estrangement with America has produced consequences that are anything but successful.

The broad left in America, the powerful democratic left that Harrington wanted to see come to life once more, the left that ought to consist of legacies from all three grand phases of left-wing insurgency since the Civil War—this left has more often than not resembled a guitar trio whose third member appears to have disappeared. The trio is performing on stage, and its performance would be marvelous if all

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three members were pitching in. But the trio seems to have only two members.

The missing figure from the American trio—the democratic socialist who ought to be harmonizing between the philosophy of solidarity and the philosophy of rights, the person who ought to be singing the possibilities of a more radical social reform than his companions are likely to propose, the person who ought to be bringing together labor with the social movements in a powerful coalition as broad and effective as the social democratic tendencies of Western Europe—this person has wandered offstage in the sincere belief that morality itself and the oppressed masses everywhere around the world except at home require this absence.

So the other two members of the trio, the labor movement and the social movements, have more often than not had to go on alone.

This little sketch of the American left sheds some light on the likely consequences of the enormous events that are taking place around the world today. These consequences are good, but also bad, and in such contradictory ways as to be ironic, like winning a free ticket on an airplane that has just been declared unsafe.

The ultimate cause of the crisis in left-wing movements around the world is, we can safely say, the economic transition from locally concentrated heavy industry to a mode of production based on computers and freer world trade. An inability to adapt to the new world economy has destroyed communism altogether. That hasn't happened to social democracy—but no one needs to be reminded that the diminishing usefulness of centralized planning and the progressive shrinking of the industrial proletariat have nonetheless been chipping away at social democracy's power and prospects, not just in Europe.

What will be the effects in the United States of this economic transition? There's no reason to ask. All of the heavy industries have been showing the results for years now, with consequences for American unionism that are well known. In 1956 the unions in America represented 36 percent of all workers. Today, according to the figures that everyone seems to accept, they represent a mere 16 percent, and if we were to factor out the unions that represent government employees, which have grown strong relatively recently, the true figure would be 12 percent. Workers in the United States already enjoy probably the fewest on-the-job rights of workers in any of the industrial nations at equivalent stages of development, far fewer rights than workers in Canada, for instance, and today they face the possibility of a further decline in power and rights.

If by the left we mean something like Harrington's vision, we find ourselves, then, at the same kind of downturn in America that we see in the social democracies of Europe, and for structural reasons that are not really susceptible to political action or will. There is a programmatic side to this downturn as well. The only left-wing social model that has had any relevance to the United States in recent years has been the Northern European one, along with some of the welfare-state measures adopted in Canada. And for us in the United States, to see the socialists of Sweden, Germany, or Britain go down to electoral defeat is anything but cheering.

Pointing to those parties and their achievements for inspiration and for proof of the practicality of our own proposals has gotten a little harder today. The traditions and instincts of American reform have always emphasized approaches that are nonstatist and pragmatic, and for that reason, the programmatic crisis of social democratic systems, the crisis in progressive statism, is likely not to be as devastating in the United States as perhaps in some other countries. Still, there's no pretending that a programmatic crisis doesn't exist. The sum effect is that we on the American left are going to have to find new kinds of reform programs, just as we are going to have to generate either new kinds of unionism or some institutional base other than unions for the new kinds of programs; and if we don't succeed in these things, our own social movements will continue pulling apart, and American society as a whole will continue developing, as has been the case for twenty years now, in directions that are ever less egalitarian.

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Still, the irony is this: just as we find ourselves hobbled by the decline in the industrial work force and by setbacks to the social democratic model in Europe, we also find ourselves, because of the success of the anticommunist revolutions, facing unprecedented opportunities. If only we knew how to exploit these advantages! I realize that many people around the world—and in the United States, too, in the procommunist sector of the left—have watched communism's collapse with genuine dismay and fear. Yet for the broad American left as a whole, the news is anything but bad.

This is for several obvious reasons—the partial demilitarization that has already followed the end of the cold war, the feeling of no longer being under siege, the end of the communist stigma that attached to more sectors of the American left than ever deserved to suffer from it, the generational transition in Washington, the several splits within the American right. And there are the advantages that arise from the crisis or collapse of world "hyper-anti-imperialism." This crisis, I should add, is not just a secondary consequence of communism's collapse—though, to be sure, the fate of communism does render the "hyper-anti-imperialist" project implausible.

The crisis of "hyper-anti-imperialism" stems also from something else: the newly globalized mode of industrial production. In an article in *New Politics*, the labor writer Denis MacShane points out that at the 1992 World's Fair in Seville, Spain, corporations like DuPont and Time-Warner did not want to exhibit within the United States pavilion because these corporations now regard themselves as multinational, not American. The goods that multinational corporations produce are now manufactured all over the world. And, in this context, it has become much harder to maintain the illusion that the world's exploiters come from one set of countries, the exploited from another. Instead we find ourselves able to see with far more clarity than ever before the fundamentally international quality of the working class that was first observed by Marx—who turns out to have made some valuable comments after all.

Lenin, reversing Marx's notion of the international working class, argued that the labor movement in countries like the United States depended for its high wages on imperialist exploitation of the Third World; but today it's obvious that in reality, the labor movement of countries like the United States will be able to protect its high wages only if wages also become high in the poorer countries.

In the past, the hegemony of "hyper-anti-imperialist" ideas in much of the American left has always restricted the left (apart from the labor movement) to the kind of foreign policy views that are conventionally called "isolationist," which can be described as the wish that America would exercise something like a Canadian degree of influence on world events. Ever since the Second World War, the right (in its main sectors) and center in America have proposed active foreign policies of their own. But in the years since Vietnam, the largest portion of the left, labor apart, has had very few positive alternatives to offer, in the sincere but usually unstated belief that America's best possible foreign policy would be to refrain from doing much of anything at all.

The notion that forces within America might have any sort of crucial role to play around the world in promoting democracy, human rights, the rights of labor, or other such matters has seemed, to much of the American left, an almost absurd proposition, which one can hardly mention without adding in the same breath a defensive phrase about the central role of the United Nations or other international agencies. Yet in reality the United States, because of its wealth and power, cannot avoid exerting a significant influence around the world, and the nature of that influence doesn't have to be abandoned to chance or to the political figures in the center or on the right who feel more comfortable discussing it.

The crisis of "hyper-anti-imperialism" means that the moment has at last arrived for large parts of the left to end their estrangement from the rest of the country, and in this way to establish some of the conditions for a more unified broad American left (even with a weakened labor wing). One of the crucial ways in which that can occur is for political analysts on the left to begin to feel more comfortable making distinctions between the good and the bad in American foreign policy—between, on

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one hand, authentic examples of American imperialism and, on the other hand, the progressive uses of American influence.

With a greater willingness to draw this distinction, the left should be able to propose active foreign policies of its own—a novel step, and something that isn't about to happen at once, since the news of the collapse of "hyper-anti-imperialism" will take a lot longer to spread than the news about the rest of Lenin's legacy. In the universities, for instance, where the news is often slow in penetrating, there will be great resistance to this development. Still, sooner or later the word will finally get around. And then the new possibilities will begin to appear more attractive.

What is needed is a new kind of left-wing internationalism. A new kind was always needed, but under cold war conditions it was impossible to create, except in very limited ways, since large struggles around the world tended to fall into one cold war camp or the other. The global nature of production, the end of the bloc system, and the coming breakdown in the historic estrangement of the left do signify, though, a pretty dramatic change in those conditions. The success of movements like Amnesty International and Greenpeace in attracting popular support can be seen, I think, as signs of the readiness of many people in the United States, together with people in other parts of the world, to go about building this new international spirit. The anti-apartheid movement of the 1980s is an even better indication of the strength and popularity of a progressive internationalism. One obvious area in which a reinvigorated spirit of internationalism needs to be extended is labor solidarity—to begin with, a labor solidarity between the workers of the United States and Mexico.

That kind of internationalism is plainly not going to arise automatically. Capital is naturally internationalist; but on the side of the forces that wish to control capital and render it socially responsible, what comes naturally are international obstacles. On the American side, in regard, say, to Mexico, the degree of ignorance about Mexican conditions, ignorance about Mexican thinking, the lack of intellectual contacts—all of this remains very great. And there is a further problem in the United States, namely, labor's lack of prestige, which will make labor solidarity campaigns far less fashionable than have been the campaigns for the Brazilian rainforest or the solidarity campaigns that were mounted by the supporters of Central American Leninism. But countering these problems and building new kinds of solidarity is, in fact, the task of the hour.

The next step should be proposals for left-wing foreign policies on the part of the government. The potential for policies that the left could support was already shown, I would suggest, by the human-rights policy of the Carter Administration in the late 1970s, which shows, by the way, how progressive policies and policy makers do somehow end up creeping into Democratic administrations. In the future it should become imaginable to talk about a governmental foreign policy that would reflect the feminists, antiracists, and ecologists of America, not to mention labor, just as United States policy has always done a vigorous job of reflecting commercial interests. Very little thinking about progressive foreign policies has been done until now. A feminist foreign policy, for instance, which is not something that would make the United States popular around the world (except among women), has barely been mentioned, so far as I know. Yet the moment for broaching possibilities like these has arrived.

There is one other way, which is perhaps vague but important, in which the collapse of communism will help the American left. I think the entire period from Lenin's seizure of power

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to communism's impending final defeat is going to be seen in the future as a giant detour from the main path of history, a pointless aside. In fact, it has become a conventional thing to make this remark. But we have to ask ourselves, in that case, what is this main path of history from which communism has been a detour? I believe this path is represented by the old nineteenth-century idea that in history there is progress, and the progress consists of social and economic progress for the poor and the oppressed, which mut take place in the context of an ever-developing political democracy. We are on the brink of returning, in short, to a world belief that such a thing as progress exists, and that progress must be democratic, or it is not progress.

A return to the idea of progress is not something that is going to spread around the world with simplicity or ease. The same revolutions in Eastern Europe that have aroused so much hope that history's last word has yet to be spoken, so much enthusiasm for high ideals and bold reforms, will also, as no one can doubt, go on arousing horror and fear. If we think of these East European experiences and then picture what the impending revolution in Cuba will be like—for which, by the way, the democratic, anti-Fidelista left in the United States, apart from a few people in the labor movement, is totally unprepared—we can only shudder. Progress, in its modern version, has been wholly stripped of any hint of the millenarian or the messianic. Our vision of progress today is not radiant, because radiance suggests inebriation, and inebriation means disaster and crime.

Our vision is sober, nonutopian, cautious. But we do still have a vision. It is a vision of democracy in all fields, and of democracy's potential for growth. It is better than a theory: it is, here and there, and in more places than ever before, a reality before our eyes. Will that be enough to regenerate the left in the United States? It will have to be. □

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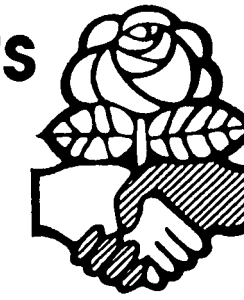

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Yvette Biro

WITHIN AND WITHOUT THE WALLS

Film in Eastern Europe

Once upon a time in the East, there was film. Is it gone forever? Although dramatic changes have signaled the end of an era, the question is not an easy one. Final collapse is never the simple end of the obsolete or the doomed. The debris of values is also concealed beneath the ruins, amid the rubble.

In *Ashes and Diamonds,* at the very moment of the war's end, Andzrej Wajda casts the enemy of communism onto the garbage heap of History. He is handsome, young, and looking forward to a better future. Unjustly accused, he is nevertheless condemned. Today, more than thirty years after this film, we must come to terms with the death of yesterday's victor in order to define the meaning of his downfall, as well as the nature of the funeral ceremonies.

What can be said of this erstwhile victor? That he showed promise but became repulsive? That he thought himself charismatic but turned out to be a torturer? This gets us nowhere. More important, in the shadow of the great principles of the past—even if they are skewed derisively—things of value survived: the films that carry the reminders of all the absurd drama of the period. In looking back on the production of the past four decades, the question is not, "What films were not made under the dictatorship?" but rather, "How is it possible that so many *were* made despite everything?"

The arsenal of films is disarmingly rich, revealing a great sense of unity and coherence. Their example strips away the falseness and demagogy of slogans, unveiling their true meaning. It demonstrates the public interest that rises above private concerns. These films address that which is fundamental, and with a grave sense of pathos and perhaps also pride, they focus our attention on worries, questions, torments, by juxtaposing *Ashes and Diamonds, Silence and Cry;* in depicting the *Landscape after Battle*. The titles are eloquent in themselves: *Handcuffs, Everyday Courage, Barren Landscape,* or *Man Is not a Bird*. These modern anti-*Eroïcas* all dealt with the violent momentum of life, with the dark whims of those in power in those *Cold Days*.

These jeremiads and stubborn confessions, these subtle and painful traces went beyond the established rules of film by appropriating the dramatic qualities of the courtroom, thus infringing upon a sovereign and alien territory. They constructed a mythology denouncing everything without being dogmatic. Their pathos was the passion banished by the cynical pragmatism of bureaucratic culture. It was the *état de grace* where art bursts beyond its own limits and where it is temporarily forced to preach the good word. Curiously, the effects of this constraint were also generated by the defeated adversary, or rather they were the result of a duel from which the dominant power, once so sure of itself, had failed to walk away.

We had become used to speaking of the omnipotence of this authority. Its ruthless and far-reaching oppressiveness has certainly taken its toll. Now, we must also recognize its weakness, since we know that it did not die by chance. It had been ailing for some time.

Because we are discussing Eastern Europe, we may have recourse to a joke. Quite at the

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end of his rope, Mr. K. complains to a neighbor that business is bad. Nothing but losses every day! He'll be ruined! "If things are so bad, how is it that you're getting by at all?" asks his surprised friend. The answer: "I close on Saturdays!"

To speak of Eastern European cinema, one should consider this weekly closing a bit more closely. Why and how did the state fail to control the reins of power once it had been forced into making concessions?

The conditions of filmmaking in Eastern Europe were studded with paradoxes. On the one hand, financing was total and risk free. The government gave and took away the necessities, rewarding and punishing in turn. In the end, however, it could only assure itself of complete control by making all initiatives depend on it.

Subjection? Clearly, but one that was by no means unilateral. For once a project had been accepted, "unlimited possibilities" were opened up to the filmmaker. This meant abundance, and a series of privileges that should not be underestimated. We may add that, because the future reception or success of the work was not taken into account, the authorities took sole responsibility for it. The unlimited power was thus limited by the weight of an unlimited responsibility, which caused more than a few headaches and uncertainty among those in power. Cunning manipulation characterized both sides.

The authorities said: no candor, no explicit message, then we'll talk. The artist said: O.K., I'll drown it in a sea of metaphors, but don't try to interfere because I too know only this indirect language. If I can't call things by their names, then you cannot either. On your side there can be no candor, no explicit messages, since I don't use them myself.

The tacit consensus imposed a rule on both parties. And therein lies the second catch: the limitations on openness most affected the party that had initially required them.

In this way the weekly closing did not mean a suspension of attention or surveillance. Nor did it signal a momentary short circuit due to negligence or short-sightedness. On the contrary, it implied that the mutual observation went on in an even more refined and deceptive manner. It represented the times during which the authorities would not and could not continue their destruction. The show had to go on!

One point has not been sufficiently dealt with: the pride of ideology, the authorities' thirst for prestige. If the party's credo preached the revolutionary liberation of man, then religious rhetoric could not be far behind. If, supposedly, the most important art for it was film, then actions had to back up the slogans. Since the party could not be content with the entertainment of the masses and also had to be a patron of high culture, its attitude implied not only banning films but also supporting and encouraging them. Like so many parvenu tyrants, this one too was lacking in honor. In its court, it sought to surround itself with true princes of culture and art, and revealed itself capable of remarkable flattery and unexpected concessions in order to seduce them.

This is how the "brothers in arms" were born in Eastern Europe. The venerated, almost feared artists who were babied and deified: the Wajdas, Jancsós, Tarkovskis, just to name a few from the extremely diverse list. They were forced to brave, according to varying periods and contexts, the arbitrary favors or fulminations of those in power.

Lastly, the weekly closing effectively signified a relative vacation, even a "rest" in the literal sense, because we cannot speak of an even amount of oppression over forty years. The arbitrary, the extorted concessions, the unavoidable game of tightening and easing up on the grip of power—all of this played a role in the successes as well as the gradual weakening of the system itself over the years.

That art in Eastern Europe played a role in politics was not an example of the conversion of principle to material force, as Marx had postulated. On the contrary, it was the conversion of the conflict of material forces and of the impracticable social struggle into art and into principle. It was this daily repressed anger that fed the passions and the imagination. Let us recall Kundera's remark: the ideal political regime for art is not oppression but a dictatorship in decomposition; that is, the time when the absolutism of the arbitrary relaxes

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and leaves itself open to attack. In looking at the great periods of Eastern European film one discovers such moments of crisis when the concrete walls of totalitarianism were cracking and the political apparatus was on the defensive. The Polish school came onto the scene in the fifties, when the Stalinist dictatorship was being shaken there; the golden age of Hungarian cinema occurred during the period of Kádárist consolidation, when compromise was possible; the Czech New Wave came at the time of the genesis of the Prague Spring. These were times of revenge and angry iconoclasm, reports on *The Party and the Guests,* and it was the past, overwhelming the present, that was placed in the box of the accused for heinous acts it had committed.

The West did not always understand the importance of this preoccupation with the past, reacting as if it were simply a question of a few clever applications of allegory, when, in fact, the reinterpretation of the past was motivated by profound needs. More than a hundred and fifty years ago, the Marquis de Custine had understood that God makes only the future, while the czar remakes the past. Which means that no exercise of power exists without some underlying tradition or legacy. The problem, he said, is not with the people in power but rather the response of the subjects to it.

> Human dignity, crushed under absolute government, clings to any straw it can grasp in the wreckage. Mankind is very willing to allow itself to be disdained, sneered at, but is not willing to let itself be told, in explicit terms, that it is disdained and sneered at. Outraged by actions, it takes refuge in words. Falsehood is so degrading that to force the tyrant to hypocrisy is a vengeance which consoles the victims.

Custine's remarks make us aware of the ambiguous nature of the problem. It is more than a simple confrontation between two parties. He underscores their strange interaction, the complicity between oppressor and oppressed. Those in opposition too, whether they like it or not, are shaped by the dominant ethos. But the authorities are no less so, by their very hypocrisy.

Over the past few years, the place and role of the seventh art has changed everywhere. Leaving its position in the avant garde, the cinema has been forced into a new differentiation of its functions, which are more dissipated and less ambitious. In the fifties and sixties, it seemed that film had irreversibly risen to the level of high art. This was a considerable achievement that had been reached not only thanks to the seriousness of its cultural mission but also thanks to the flexible complexity of its structure, to its rejection of linear narrative and its faculty of abstraction. The different new waves, the new cinemas, the schools of Eastern Europe displayed this philosophical requirement, having freed the medium of "the tyranny of the real," while instead choosing deeply personal confession and universal abstraction. This was the peak of its historical emancipation, since it had not only reached the stage of high modernism but also renewed the modernist forms of its expression. Is it necessary to underline the fact that the best examples of *cinema d'auteur,* from East to West, were capable of creating a new sensibility, a contrapuntal simultaneity, a polyphony that only modern art and music had known up to then?

In fact it was precisely those values that were the least appreciated over the past two decades. Since today's postmodern culture speaks of the End of History, of the death of utopias and of great narratives (with generalized communication having swallowed up or homogenized everything), the religious or social vocation of art has manifestly lost its meaning. Art accepts the reign of violent action and brutal ambiguity that, along with the continual leveling of the media and the raw vulgarity of present-day communication, are the absolute opposites of the hard-won elitist values of the avant garde. Its skeptical renderings leave space only for relativized fragments that have been put in quotation marks and for the presentation of oddly disparate elements that cancel each other out. With both the social utopias and the faith in the individual creative spirit coming apart at the seams, works of art seem to be no more than the result of a kind of ostentatious virtuosity. The message and style of old have ceded to an empty technical prowess. What remains is the powerful but ephemeral function of entertainment in a new technological culture

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in which the producers and distributors, long past any sense of shame, seek only to practice a lucrative profession.

It seems that the moment of fertility, when the apotheosis of the image and of visual language itself seemed close at hand, was a fleeting one for the cinema. In the end, the impact of the obsession with seeing had a destructive impact on film as an art form. In the vast expanse of visual communication today, there is room only for new stimuli that cancel each other out in their perpetual flux; it is an unrelenting fluctuation, one that provides no possibility for insight or empathy. It is said that the image communicates only communication itself: it repeats or transmits all of the stages of the surface of life, all of its significant and insignificant incidents. It has no other value than the pleasure of futile and immediate consumption. The influence of this global phenomenon has started to win over the cultures of Eastern Europe as well, creating, rather than the freedom that was so longed for, an extremely ambiguous situation.

Nevertheless, we must remark that, outside of mainstream film (in which, doubtless in order to accommodate the thirst for amphetamines of our time, the only recognized values appear to be speed and aggression), it is still possible to engage in undertakings that do not fall prey to this kind of hysteria. It seems that there is still room, even if only occasionally, for opposing tendencies, for exceptional works that go against the flow. Jean-François Lyotard himself mentions two extreme examples that are in a position to take up the challenge: the near immobility of the great tableaux and the capricious spread of lyrical abstraction—two contradictory forces that have referents in earlier periods. Have not our favorite films excelled in these virtues? On one side were Ingmar Bergman, Michelangelo Antonioni, and then Miklos Jancsó, Tarkovski, and Theo Angelopoulos, who dramatically emphasized the sense of duration by stopping time itself. On the other were those influenced by Jean-Luc Godard, Federico Fellini, and Luis Buñuel, the young generation that sought to express an imagination that was rich, playful, unpredictable, and deeply personal: Juři Menzel, Jan Nemec, Jura Jakubisko, and Zoltan Huszárik.

At any rate, if there is a hope for continuity, the new cinema will have a different perspective on the nature of its role and influence. The huge superproductions must give way to more humble and personal works, which will no longer be able to count on the generous/restrictive largesse of the state's patronage. Neither will they be able to rely on the ambitions of the financiers who will take its place. It may be possible to create artisanal, low-budget films, which would inspire hope after so many illusions have been brusquely dashed. The question is posed: what will be the

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relation between the individual and the universal? Before, in relegating the individual to a position of secondary importance, individual and communal values were relatively equal. The "I," the author, could only be representing the "we." He or she took the stage in the name of a people, a nation, and became the voice of repressed discontent. Today, in a society overwhelmed by middle-class values, one must reckon with the aggressive and annoying dominance of petty individualism, which clearly supports the mass culture of easy consumption. The individual is reduced to "me"—*Every Man for Himself,* says Godard —and this "me" will take on the dimensions accorded to it by God.

The cinema of the socialist experiment, when it succeeded here and there, was grand, loaded, grave by necessity. History forced its fall from this pedestal. Since there are now finally democratic institutions, one must no longer attempt to play the roles of both the fire department and the Parliament.

A new era is starting. Once upon a time . . . but instead of leaving the past once and for all, discouraged with the fruits of that time, let us remember that progress is not a one-way street. Let us recall the famous passage from Walter Benjamin's *Angelus Novus*. The angel of History is turned toward the past:

> [W]here we perceive a chain of events, he sees one single catastrophe which keeps piling wreckage upon wreckage and hurls it in front of his feet. The angel would like to stay, awaken the dead, and make whole what has been smashed. But a storm is blowing from Paradise . . . [which] irresistibly propels him into the future to which his back is turned, while the pile of debris before him grows ever skyward. This storm is what we call progress.

In other words, there is no progress without a consideration of this debris "which grows ever skyward," all as we are pushed toward the future. Catastrophe is the order of the day: its task is to smash what appeared to be "whole." Our own task is to take this debris, to salvage that which is hidden beneath the rubble but remains useful.

Translated from the
French by JOHN SAVAGE □

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Sean Wilentz

DEBS IN LOVE

LETTERS OF EUGENE V. DEBS, edited by J. Robert Constantine, in three volumes. University of Illinois Press, 1991. 1,952 pp. $120.

Comrade Gene Debs: even to those Americans who can identify the name, it sounds antiquated, conjuring up a political culture that died long ago. It is difficult today for anyone (including, and maybe especially, anyone on the left) to utter "comrade" without a touch of irony. Partly, the word is one of the linguistic casualties of the twentieth century, with its links to communism, double-speak and cold-war movies. But "comrade" also sounds strange in an American political world that lacks much sense of enduring, universal affection. The battered trade union movement can still address its members as "brothers and sisters." So can organizations based in churches, synagogues, and mosques, as well as black organizations generally. Although badly frayed by years of bickering and posturing, "sisterhood" is still cherished in corners of the feminist movement. Yet such usages usually connote a designated American subgroup and mark the continuing fragmentation of the old, bold culture of comradeship. Only once in recent years have I heard the word spoken with complete sincerity, when an émigré intellectual told me how much he enjoyed attending editorial meetings where he could meet with the "*comb*-raids." How sweet, how odd, I thought—but then, I reminded myself, he is an Englishman.

Debs not only spoke of comradeship; by the force of his own decency and oratorical power, he helped others to do so without embarrassment. In his superb biography, *Eugene V. Debs: Citizen and Socialist*, Nick Salvatore quotes a skeptic who detested the "sentimental flummery" of the left, but who found an exception in Comrade Gene:

> [T]he funny part of it is that when Debs says "comrades," it is all right. He means it. That old man with the burning eyes actually believes that there can be such a thing as the brotherhood of man. And that's not the funniest part of it. As long as he's around I believe it myself.

Others spoke of Debs's heroism, exuberance, and purity of purpose.

Debs's magnetism comes through in his personal correspondence. He was unfailingly thoughtful and generous in his letters to his family and political supporters, effusing love and appreciation and comradeship. And the feeling was mutual, even among those he had never met. In 1921, an anonymous "Brother Socialist" from St. Louis wrote to Debs in the Atlanta Penitentiary, with assurance that "your Worthy Name will go down in History the same as Abraham Lincoln, as a true lover for Freedom and Principal." The writer had, he said, once been a member of the American Legion, "but after I found out what Socialism is, I dropped my membership . . . and at *once* became a Socialist and will always be a hard worker for the Socialist Party so long as I live." To hundreds of thousands of others, Debs and the party whose best spirit he amplified had a heartfelt, converting effect that can only be likened to an evangelical revival. At times, his correspondence reads less like that of a conventional political hero and more like that of a religious figure.

Debs's mission failed, and his own shortcomings contributed to its defeat. He seemed most alive when out on the stump, the central character in his own dramaturgy of manly dissent, basking in the excitement his appearances produced. "We had a grand meeting in this mining centre," runs a typical letter, written from Kansas in 1908, "big picnic all day yesterday—big delegation came down from Girard. Mother Jones & 6 others spoke in morning & afternoon & I wound up last night with a corking speech to a tremendous audience which was swept from its feet with enthusiasm."

He was less comfortable as a party manager and infighter, a job he preferred to leave to others. He could, to be sure, play hardball when he had to. When provoked, he could rise to spectacular heights of ironic anger that belied his saintly public image.

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Yet Debs's temperament was more suited to the party pulpits than to the back rooms. His incessant urge to spread the word of the "good time coming" sent him on frenzied speaking tours that were punctuated by physical breakdowns and (especially during his years of imprisonment in Atlanta) severe depressions. A catalytic force, he was less capable when it came to the nuts-and-bolts tasks of transforming the Socialist party from a growing political movement into a mass political party.

Nor, for all of his inspiring dedication, could Debs overcome the mounting insistence (especially after World War I and the Bolshevik revolution) that true Americanism led not, as he preached it did, toward socialism, but toward the Legionnaires' brand of 100 percent Americanism. "Dear Gene," one letter from Portland in 1921 cordially began:

> We working people of Oregon hope that the guards throw the whip into you every day. You aren't a toiler. You never produced anything. You tried to prolong the war so that 1000000's of the US boys would be slaughtered.
>
> We hope you'll never come out of the jug alive.

Signing himself "A. Producer," the writer added a postscript, indicative of how, by the 1920s, Americans had begun to turn Debs's own socialist vocabulary against him and the entire socialist ideal: "You are a *Parasyte*."

J. Robert Constantine has done a fine job of selecting and annotating these and roughly 1,500 other pieces of Debs's correspondence, covering his career from his coming-of-age in Terre Haute, Indiana, in the 1870s to his death in 1926. Although far from complete—thousands more letters appear in a microfilm edition of Debs's papers, released by the Microfilming Corporation of America in 1983—it is (along with the continuing editorial projects on Frederick Douglass and Martin Luther King) among the most authoritative works of its kind about an American radical. With scholarly restraint and a minimum of intrusive markings, Constantine and his publisher have presented a work that (except for the price) is as accessible to a general audience as Debs would have wanted it to be. The notes, which identify thousands of now-obscure persons, newspapers, and pamphlets, are briskly informative without ever lapsing into pedantry. An equally straightforward biographical sketch at the start of the first volume covers the main points of Debs's life.

Unlike the editors of the King papers (who have had to grapple with the delicate matter of the plagiarisms in King's doctoral dissertation), Constantine delivers no large documentary revelations. In part, this testifies to the excellent work of Salvatore and his major predecessor as Debs's biographer, Ray Ginger. Ginger's admiring *The Bending Cross: The Biography of Eugene Victor Debs* (1949) is a narrative life-and-times in the grand tradition, full of colorful detail: Salvatore's follow-up, no less grand and admiring, brings to bear a greater psychological astuteness about the connection between Debs's private and public life, while avoiding the temptation to engage in smug debunking. Between them (and the other authors who have been drawn to Debs over the years), Ginger and Salvatore seem to have left no important bit of information unexamined.

Nor has Constantine discovered in Comrade Gene the kind of epistolary genius that would lead most modern readers to want to wade through all nineteen-hundred-odd pages. Reading Debs is not like reading Thomas Jefferson or the brothers Goncourt. His letters typically include uncomplicated discussions of political events and personal affairs, void of arresting anecdotes, philosophical speculation, or shapely turns of phrase. Although full of warmth and good humor, his prose is unreflective, ungossipy, and businesslike. These are the writings of a man on the run, who always tried to project the optimism that sometimes overly guided his political thinking and whose conception of manliness forced him to hold his inner torments in check. When his demons got the better of him, as they did during the long stay in the Atlanta Penitentiary, Debs withdrew into himself to fight what he viewed as private battles.

Still, leafing through the letters brings some interesting reminders of the richness of the dissenting milieu in Debs's time. The heavily compartmentalized character of today's social movements, with separate slots for race, class, and gender, can easily make us forget the connections of another time. Likewise, the balkanization of historical studies into subspecialties (each with its own career track) defeats any comprehensive view of the lyrical, pre-1917 left. Yet in Constantine's collection, even more than in the biographies, there are some glimpses of those connections—in letters from and about Margaret Sanger and her crusade for birth control, in the continuing correspondence between Debs and numerous literary notables (including his Indiana friend, the local colorist James Whitcomb Riley), in a note from the civil rights pioneer Ida Wells-Barnet, congratulating Debs in 1916 for his denunciation of D.W. Griffith's *Birth of a Nation*: "Of all the millions of white men in the country, you are the only one I know that has had the courage to speak out against this diabolical production as it deserves."

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Above all, the letters show an essentially nineteenth-century spirit at work building the only socialist movement in American history that even approached viability. Debs's genius lay in his ability to take age-old American verities about independence, responsible citizenship, and democratic self-reliance, and turn them into a supple, nonsectarian socialist appeal. Debs was convincing because he had grown up on these verities, just as his listeners had; he had felt the shock of the emerging corporate order as a desecration of everything America was supposed to be; he had come to believe, truly, that the mass of Americans still had the power and the will to make the world all over again. After Debs—and after radical criticism became the preserve of a self-consciously alienated intelligentsia—such talk would always run the risk of earning snickers.

Various collections of Debs's speeches offer the most direct engagement with the political thrust of his sensibility. The letters, despite Debs's veil of dogged optimism, illuminate the more private and emotional dimensions of that sensibility and suggest how it shaped his public persona. Recent historians and biographers—especially feminists interested in the links between the personal and the political—have uncovered all sorts of material about their subjects' private lives that previous scholars either knew nothing about or deemed off-limits. Current studies of figures on the left have deepened our understanding of how, at about the turn of the century, left-wing politics became intertwined with the revolt against Victorianism and a new erotic frankness. The discovery of Emma Goldman's torrid letters to her lover, the self-styled hobo radical Ben Reitman, has redirected attention to the great anarchist's sexual radicalism. And continuing studies of the younger generation of pre-1917 dissident writers and artists, notably those grouped around the *Masses*, have captured how much of their "new" radicalism centered on re-imagining relations between men and women.

Debs was an open-minded man, with a freethinking streak of his own—but he came from a universe far different from Goldman's or the *Masses* crowd's. In the letters, some of his deepest expressions of love are directed at men, not women; those expressions usually were reciprocated. All displayed a hearty, unselfconscious, sincere fraternalism that, as various historians have begun to show, lay at the core of nineteenth-century American middle- and working-class culture, in constant and creative tension with the individualism that some scholars have misread as egoistic or bourgeois or otherwise destructive of communal and class sympathies. At his most high-flown, Debs linked this fraternal love to Walt Whitman, whom he idolized—not in the homosexual sense that some recent Whitman critics think they detect, but as a different kind of electric, tactile adhesiveness that is hard for the late twentieth century to comprehend. In receipt of a volume of the poet's conversations with Horace Traubel, Whitman's Boswell, Debs wrote appreciatively to Traubel that the work seemed

> like "Old Walt" himself, rugged, reverent, unrestrained, his own living, breathing being, quickened in every mental, moral and spiritual fibre and whetted to his keenest edge by your magnetic touch and under the influence of your loyal and loving comradeship.

The rest of the correspondence is filled with "affectionate hugs," "loving remembrances," and "fraternal joy," from "your loving comrade."

Regarding women, Debs held to a different kind of sentimental affection, equally in touch with mainstream Victorian American impulses. Not that Debs adhered to the constricting doctrines about women's rights and duties associated with the Victorian cult of domesticity. Constantine's collection presents ample allusions to Debs's support for women's suffrage and birth control; letters to and from (among others) Katherine Richards O'Hare show how deeply Debs affected female agitators and women socialists all across small-town America. But Debs's celebrations of women and motherhood (often couched in soliloquies to his own mother) always stemmed from idealized notions of female purity and virtue. Men, according to this view, were the makers of the world, the active giants, the builders; women were the soft civilizers of the world, guardians of the home fires, cultured beautifiers of what men had built. Debs based his support of women's rights not so much on any claims of women's equality as on his belief in the moralizing force of femininity and on men's fundamental dependence on women.

One of the narrative lines that run through Constantine's collection, about Debs' own difficult love life, illuminates this side of his character. In 1885, when he was thirty, Debs married Katherine Menzel, the daughter of middle-class German immigrants who stood well above the Debs family's social station in Terre Haute. Soon after the wedding, the couple's relations cooled, as Kate's emotional reserve and her desire for a respectable, well-ordered home life clashed with her fiery husband's frenetic schedule and passionate needs for intimacy and approval. Rather quickly, the marriage

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began to travel along straight and formal channels, with Kate tending to the house and to Gene's official correspondence and her husband finding release in his political work and (while on the road) in occasional visits to local bordellos.

Gene's life changed in 1916, when he fell deeply in love with another Terre Haute woman, Mabel Dunlap Curry, and the two began an affair that would last the rest of Debs's life. Curry was a warm-hearted, outgoing suffrage campaigner—and she was married. Unwilling to abandon his protectiveness toward his own wife (or to risk his public reputation), Debs squashed any ideas about divorce and remarriage; Curry, who was more receptive to the possibility, gave way to his wishes, as well as to her own sense of propriety. What resulted was a long and discreet liaison, full of ardent professions as well as the tensions inherent in what both described as "the situation." He sometimes wrote to her as "Juno" and signed his letters "Ura" (the reversed acronym for the American Railway Union). Some of the chattiest pieces in his entire correspondence show Debs at his most playful, but always very much the gentleman, placing Mrs. Curry on a pedestal:

> No, I don't see our love through glasses "any less rosy." On the contrary it grows sweeter, diviner with the passing days. . . . For all you have been to me through all these days & nights of trial I thank you with all my heart. Never can I forget your loyalty, your devotion, your love, which to me have been a source of unceasing inspiration.

Debs kept up appearances, and continued to treat his wife with warmth and respect. But whenever he left Terre Haute on one of his speaking tours, he would silently tip his hat as the train chugged past the Curry residence.

It was all a far cry from the kinds of erotics that turn up in the Goldman-Reitman letters, with Goldman's paeans to her lover's "Willie" and her talk about her "treasure box"; likewise, it seems quaint in comparison to the sexual emancipation and new womanhood celebrated by the young Village radicals. Yet for at least some young rebels, Debs's American-grained camaraderie, his (to them) surprising combination of political radicalism and an old-fashioned kind of moral rectitude and generosity, was a singular revelation. Max Eastman, the preeminent Village radical intellectual, later remarked with abiding astonishment that Debs was "the sweetest strong man I ever saw," an uncompromising yet thoroughly amiable man whose "genius was for love, the ancient real love, the miracle love that really identifies itself with the wishes and needs of others."

Such personalities are rare enough in politics. But in Debs's case, it would seem that his passing marked a larger cultural shift. The kind of fraternalism that nourished his own instincts was, even in his own lifetime, going to seed in large parts of the country and leaving behind Jaycee-style Babbitry. On the left, Debs's style of comradeship would soon be displaced by the "hard," even cynical, pseudoproletarianism of the communists and a long line of socialist sects. The cultural crackup of the Victorian world and its unending fall-out—in modernism, feminism, and a succession

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Paul Berman, editor, *Debating P. C.: The Controversy over Political Correctness on Campus,* Dell, 1992.

David Bromwich, *Politics by Other Means: Higher Education and Group Thinking,* Yale University Press, 1992.

Jean L. Cohen and Andrew Arato, *Civil Society and Political Theory*, MIT Press, 1992.

Mitchell Cohen, editor, *Rebels and Reactionaries: An Anthology of Great Political Stories*, Dell Books, 1992.

Mitchell Cohen, *Zion and State: Nation, Class and the Shaping of Modern Israel*, Columbia University Press, 1992.

Mitchell Cohen & Nicole Fermon, editors, *Thinking Politically: Classic Readings Since Plato*, Free Press, 1993.

Todd Gitlin, *The Murder of Albert Einstein*, Farrar, Straus & Giroux, 1992.

Maurice Halbwach, *On Collective Memory*, edited, translated and introduced by Lewis Coser, the University of Chicago Press, Chicago, 1992.

Robert Heilbroner, *Twenty-first Century Capitalism*, W. W. Norton, 1993.

Irving Howe, *Politics and the Novel,* Columbia University Press, 1992.

Jeremy Larner, "Rack's Rules," in the anthology *Sex, Death and God*, edited by David Reid, Pantheon, 1992.

Nicolaus Mills, *Like a Holy Crusade: Mississippi 1964—The Turning of the Civil Rights Movement in America,* Ivan R. Dee, 1992.

Michael Merrill and Sean Wilentz, editors, *The Key of Liberty: The Life and Democratic Writings of William Manning, "A Laborer" 1747–1814*, Harvard University Press, 1993.

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of bohemian styles—made it more difficult for mainstream Americans to sense much of a cultural connection between themselves and the country's radical critics. In recent times, only one figure on the left, Martin Luther King, Jr., has been able to project a similar magic, drawing on the cadences of an enduring black prophetic Christianity.

The idea of recreating the Debsian appeal in quite the same way as Debs created it is, on its face, preposterous. Too much had changed for the better, in freeing women from the old double standards, in transforming sexual mores, in cutting through the evasiveness of Victorian culture, for us to feel entirely comfortable in Debs's presence. (Likewise, too much has changed for the better in the political world, notably in the destruction of formal racial subjugation, to hanker for the days of 1908.) And too many other things have changed for the worse, in the nation's privatized, anomic crabgrass frontiers. There is, admittedly, a regretful nostalgia in some parts of suburban America for a half-imagined older style of rugged masculinity. Tellingly, however, its most conspicuous current manifestation, in our therapeutic culture, has been the much-publicized men's movement, with its "Iron John" seminars inspired by the likes of Robert Bly—the latest in the pitiful search for meaningful lifestyles.

Yet the feeling lingers that American radicalism has paid a terrible political (not to mention psychological) price for its own cultural alienation, a price that has never truly been reckoned. Debs reminds us of what it was like to have a conviction of comradeship in tune with much of what of the rest of the country believed were the basic universal rights and responsibilities of humankind. Amid the cacophonies of today's interest and identity politics, it all sadly seems like a very long time ago, incapable of being updated to fit our own sense of social justice. A political leader like Debs comes along maybe once a generation. But it is hard to imagine a reinvented sense of comradeship upon which some future Debs might build. □

George Packer

ROBERT STONE: THE FUNNY APOCALYPSE

For a quarter century Robert Stone has been the American Baudelaire—*poète maudit* of Catholic mysticism and controlled substances, critic of modern folly, romantic pessimist in love with apocalypse. His five novels are all alike in structure and atmosphere, carrying two or three characters through a tense, incremental convergence toward catastrophe; taken together, they diagnose sick America in the rush and crash and flashback of Vietnam, which reverberates through all his work. And like Dos Passos and Faulkner and Bellow and Mailer, Stone writes novels that demand to be taken together. They don't simply create distinct imaginary worlds—though they do this with the kind of indelible power that can be dangerous for young novelists; they also attempt a sustained commentary on American life. Stone begins at the time when Bellow went sour, in the sixties, and everything he's written carries the marks of that traumatic birth: not skeptical humanism but lofty fatalism, closer perhaps to Melville, among American novelists, than to any of Stone's contemporaries.

Books Discussed in This Essay

A Hall of Mirrors. Penguin, pb.
Dog Soldiers. Penguin, pb.
A Flag for Sunrise. Vintage, pb.
Children of Light. Vintage, pb.
Outerbridge Reach. Ticknor & Fields, hc.

Such a writer is rare enough these days, since ideas are now taken to be examples of bad writing, and an important subject is a sign of bad taste. A good deal of the praise Stone has received throughout his career carries a sort of unquestioning gratitude: at last, here's one in the grand tradition—an ambitious novelist, and readable too. What Stone actually says about American life often gets overlooked; enough that he says anything at all.

From time to time one of his characters tries to articulate a vision, too obliquely or too explicitly, in vernacular or highbrow terms, with which Stone is equally at ease. Here is Rheinhardt, the nihilistic hero of *A Hall of Mirrors* (1966), high on pot and whipping a New Orleans stadium full of right-wing fanatics into a frenzy:

> "Americans, our shoulders are broad and sweaty but our breath is sweet. When your American soldier fighting today drops a napalm bomb on a cluster of gibbering chinks, it's a bomb with a heart. In the heart of that bomb, mysteriously but truly present, is a fat old lady on her way to see the world's fair. This lady is as innocent as she is fat and motherly. This lady is our nation's strength. This lady's innocence if fully unleashed could defoliate every forest in the torrid zone."

Here are Converse and Hicks, the ex-Marines of *Dog Soldiers* (1974), planning to smuggle heroin home from Vietnam:

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"You'd better be careful," Hicks told him. "It's gone funny in the states."

"It can't be funnier than here."

"Here everything's simple," Hicks said. "It's funnier there."

Or Holliwell, the liberal anthropologist in *A Flag for Sunrise* (1981), delivering a drunken lecture on the two American cultures to a scandalized audience in Central America:

"We have quite another culture concealed behind the wooden nutmeg and the flash that we're selling. It's a secret culture. . . . Our secret culture is as frivolous as a willow on a tombstone. It's a wonderful thing—or it was. It was strong and dreadful, it was majestic and ruthless. It was a stranger to pity. And it's not for sale, ladies and gentlemen. . . . Underneath it all, our secret culture, the non-exportable one, is dying. It's going sour and we're going to die of it. We'll die of it quietly around our own hearths while our children laugh at us. So, no more Mickey Mouse, *amigos*. . . ."

Or Gordon Walker, the burned-out screenwriter in *Children of Light* (1986), embarrassed in the act of doing cocaine by a Mexican painter:

"A case could certainly be made," Walker said, "that it's bad for the Indians. In terms of exploitation."

Maldonado waved the argument away.

"It's neither good nor bad for the Indians. It makes no difference for them. It's ourselves and our societies that we're destroying."

"That's as it should be," Walker said.

Or Owen Browne, the Vietnam veteran in Stone's most recent novel, *Outerbridge Reach* (1992), lying awake with night thoughts after watching a public-television film on Cuba:

The documentary had been no different from a hundred other programs that had offended Browne with their liberal humility and left-wing bias. But the vision of its imagined country, a homeland that could function as both community and cause, was one that remained with him. Browne felt his own country had failed him in that regard. It was agreeable to think such a place might exist, even as home to the enemy. But no such place existed.

The war would never be fought because the enemy had proved false. All his fierce alternatives were lies. Surely, Browne thought sleepily, this was a good thing. Yet something was lost. For his own part, he was tired of living for himself and those who were him by extension. It was impossible, he thought. Empty and impossible. He wanted more.

Or Stone himself, writing recently in the *New York Times*:

Having hung on and outlasted every conceivable variety of ancient villainy and foreign "ism" what use can we make of our victory? Over the long process of defining America we seem to have reached a point at which our nation signifies the virtual apotheosis of the interested self.

It's worth trying to work out the common vision that produced these various statements, because Stone's strengths as a writer have always been bound up with his subject matter, and so have his flaws. Of his five novels, the two most recent are noticeably weaker and thinner. A hundred factors may account for this, but perhaps the most revealing is the change in Stone's subject itself, which he once called America and Americans.

Stone's work offers several kinds of thrill: complicated cinematic plots packed with tense excitement, frightening images of various hells, and the intellectual reach provided by characters who can articulate the meaning of their own destruction. Sophistication and low life together, terror and irony, Shakespeare and skag, create the distinct moral atmosphere of his work. You know you're in a Robert Stone novel when the captain of a motor yacht running contraband guns quotes *Hamlet* on Divine Providence as he reaches for another Flor de Cana. Stone achieves much of his irony by contrasting a somewhat formal expository style with the terse vernacular of the dialogue or that formal style with the grim absurdity of the content it conveys, as in this moment between the two heroin smugglers of *Dog Soldiers*:

[Converse] reached over, picked up the *Portable Nietzsche* which Hicks had set on the chair beside his, and inspected the front and back covers. There was something slightly contemptuous about the way he looked at it.

"You still into this?"

"Sure," Hicks said.

Converse laughed. He looked wasted and flushed; there was pain in his eyes compounded of booze, fever, and fear.

"Jesus," he said. "That's really fucking piquant."

"I don't know what that means," Hicks said.

"Inspected," "slightly contemptuous," "compounded of," "piquant"—they raise the tone a little higher than fits the scene, so that at the flatness of "wasted," "booze," and the dialogue, it has all the farther to fall. In *Dog Soldiers* Stone's ironic mode almost never lets up, but in all the novels there is at least one character who either shares Stone's fascination with human sordidness and folly or is himself so "funny," "wigged out," so much "the thing itself" (favorite phrases of Stone's), that his every profanity affords his creator this sort of distance.

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Stone's central characters fall loosely into two types—ironists and seekers. The former seem closest to the writer's own consciousness and provide moral commentary on their situation and the larger world; the latter are generally either psychopaths or women (or, as in the case of the mad film actress of *Children of Light*, both). The former survive ignobly; the latter violently perish. "He was the celebrated living dog," Stone writes of John Converse, "preferred over dead lions." Like all of Stone's ironists, Converse—"a funny little fucker"—makes one "half-assed" and fateful attempt to overcome his bone-deep fear of life and stake a grander vision. In his case, it's his decision to smuggle three kilograms of heroin into California. Converse's attempt ends badly, bringing terror into his life and death to Hicks, the novel's Zen-deluded seeker. The ironists fail not just out of poor judgment and incompetence but because they don't believe fervently enough and are paralyzed before greatness by their awareness of the ultimate futility of "things"—an overused word that stands for reality, raw mindless matter, and, at times, a sinister metaphysical force that inhabits it and sabotages every human scheme.

As for the seekers, they want "More," "Life more abundant." "In her eyes, the hunger for absolutes," thinks Holliwell, the anthropologist, of Sister Justin Feeney, the nun who struggles with faith in God and revolution in *A Flag for Sunrise*, Stone's finest work. "A woman incapable of compromise who had taken on compromise like a hair shirt and never forgiven herself or anyone else, and then rebelled. She could, he thought, have no idea what that look would evoke in the hearts of smaller weaker people, clinging to places of power. She was Enemy, Nemesis, Cassandra. She was in real trouble." Justin, being a seeker, a woman, and guileless, is doomed. And her real trouble is Holliwell himself. Like Converse, Holliwell makes a gesture toward the life of action and meaning: he goes, at the request of a CIA friend, to Sister Justin's mission in Tecan, a Central American country about to blow. His plan is to spy not for the government but for himself, "to see people who believed in things, and acted in the world according to what they believed." But it's an ambiguous gesture at best, and when he falls in love with Justin's spirit the ambiguity lands her in the hands of torturers. Holliwell survives, like Stone's other living dogs, with regret, the characteristic emotion, along with fear, of the ironist.

The seekers' end always arrives in an apocalypse, with an ecstatic glimpse of meaning that's like a reproach to the ironists' fallen world of "things." Sister Justin's death, rendered with the deepest pathos, comes as Tecan's revolution explodes all around, and her last words to her torturer are sublime: "Behold the handmaid of the Lord." In the same novel Pablo, the speed-freak Coast Guard deserter, has a demented revelation just before his violent death: "There's a process and I'm in the middle of it. A lot of stuff I do is meant to be." At the end of *Dog Soldiers* Hicks feels something similar: dying of a bullet wound sustained in a phantasmagoric shootout, carrying his heroin across the desert flats, he imagines himself bearing Vietnam's and the whole world's pain in a triangle at the base of his skull: " 'All you people,' Hicks shouted, 'Let it go! Let it go, you hear! I'm out here now. I got it.' . . . So there was always a reason, he thought. There had always been a reason. You never know until the moment comes and there it is." In *Children of Light* Lee Verger, the schizophrenic film star pushed over the edge by a visit from her old lover Gordon Walker and his cocaine, drowns herself in the ocean after a storm, quoting Cleopatra and murmuring, "It's bliss." In *Outerbridge Reach* Browne, beset by hallucinations and defeated by storms and solitude in a single-handed sailboat race around the world, dies by drowning too, though his final moment is painfully free of illusion: "Jumping, stepping into space, he had to wonder if something might not save him. Somehow he had always believed that something would. He had never realized how much he had believed it. Be out there for me, he thought. Stay my fall. Nothing did."

The apocalypses toward which Stone drives all his plots break the habitual spell of irony. But in the best of his work irony and apocalypse, ironists and seekers, belong to the same vision. It's a vision of universal misguidedness, confusion, fatal innocence, stupidity, cruelty, randomness. All the characters lose their moral bearings, everyone "fucks up," and none of it can be accounted for, either in history or in theology. It's simply Stone's instinct, the sort of profound bias at the heart of any important writer's worldview, that "things" are this way. Stone sums it up in the three words everyone who's been in Vietnam keeps repeating through his novels: "There it is"—a cosmic shrug, but much darker and scarier than Kurt Vonnegut's "So it goes." "Oh, man," says a character in *Dog Soldiers*. "Who knows why they do the shit they do?", and Hicks answers, "The desires of the heart are as crooked as a corkscrew." "Damn it," Holliwell says when spooks and local cops demand his reason for being in Tecan, "I don't know quite why I came. . . .You may live in a world of absolute calculation but I don't." Holliwell's

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scorn for the world's "positive thinkers" who "convince themselves that in this whirling tidal pool of existence providence was sending them a message" seems not at all different from Stone's. Instead of providence there is "whirl," "delusion," "primary process"; at best "spasms, flashes," "glintings," "a slender notion"—"One is only out here in this, whatever it is." Cosmic pessimism clothed in a strange and harsh vernacular: no wonder Stone sprinkles *King Lear* on all his novels and drenches *Children of Light* with it.

Of course, this is partly the worldview of a Catholic experiencing—as all of Stone's Catholics do—a crisis of faith. As Holliwell says, God is no longer "in this place," and Stone, unlike novelists who have no faith to lose, is left without the possibility of even mundane redemption in political structures or personal relations: take away God and you get whirl. God's absence gives Stone a metaphysical resonance beyond the conventional realism of his style and also sometimes tempts him into the tedious philosophizing of altered mental states, like Father Egan's drunken mysticism that keeps breaking the rhythm of *A Flag for Sunrise*'s last hundred pages. Stone's weakness for his characters' ability to ingest huge quantities of drink and drugs and to turn the portentous, debonair phrase on the brink of disaster somewhat resembles Graham Greene's infatuation with holy sinners and glamorous doom.

The difference is that Stone doesn't despise innocence as Greene does: American innocence isn't Stone's whipping boy, it's his constant subject—an innocence gone "funny" in the sixties funhouse. He raises this theme in his first novel, *A Hall of Mirrors*, when the alcoholic musician Rheinhardt declares at the climactic Patriotic Revival: "American innocence shall rise in mighty clouds of vapor to the scent of heaven and confound the nations!" As the drug-driven speech goes on, the vapor of innocence thickens into napalm and bigotry: our faith in ourselves as messengers of providence will destroy the world. But it would be a mistake to equate this with the facile black humor of Stone's sixties contemporaries. Stone's irony is merciless with the consequences of American innocence—in the South, in California, in Central America, above all, in Vietnam—yet unlike the novelists Bellow called the "wastelanders," he is fundamentally earnest and capable of tragedy and pathos. Nothing moves him quite as much as the reach, hope, and folly that only innocence on the grand scale could produce. "We believed we knew more about great unpeopled spaces than any other European nation," Holliwell intones during his drunken lecture. "We believed that no one wished and willed as hard as we, and that no one was so able to make wishes true. We believed we were more. More was our secret watchword."

America is sick, but its sickness grows out of its greatness. Stone's nuns, drunks, soldiers, and intellectuals never fail to ruin themselves and those around them, but they do it on an impressive scale, with heart. They are true to the dreams of their youth, even though sooner or later the dreams turn into nightmare. Stone strips his people bare, but he does it with love.

This isn't just the vision of a Catholic more attracted to the fall than grace. It carries the odor of a particular period. I was only ten or eleven in the San Francisco Bay area of *Dog Soldiers*, yet the novel's most trivial details, the "leatherette black coats and pastel slouch hats" of drinkers in a dive bar, the hollow bits of hippie conversation, perfectly convey the mood of the moment when the sixties were ending and colorful San Francisco bled into seedy Oakland.

It was a period well suited to Stone's vision, for irony and apocalypse, grandeur and fuck-ups often seemed indistinguishable. Drugs provide an apt vehicle for this vision because they always lead to either absurdity or exaltation and sometimes to both: his drug scenes give Stone his bitterest pieces of social criticism and his most poetic evocations of the urge to find a level higher than "things." One drug or another characterizes all his novels save the most recent, and the choice of drug mirrors the shifts in Stone's themes: marijuana suits the relatively innocent fantasies of the hipsters and hippies in *A Hall of Mirrors*; heroin suits the hallucinatory dangers that *Dog Soldiers* traffics from Vietnam to California; speed suits the angry betrayal and dispiritedness of the soldiers of fortune in *A Flag for Sunrise*.

The drug that controls *Children of Light* is cocaine. It is, of course, a fitting drug for a novel about movie people in the eighties. In an essay on cocaine Stone called it a "success" drug, bound up with selfishness, greed, and narcissism. It leaves little room for any goal higher than the "interested self." It's impossible to imagine one of the coke-addled beautiful people in *Children of Light* experiencing the cosmic altruism of Hicks's trip across the desert flats at the end of *Dog Soldiers*. And this change in drug signals a shift in Stone's vision of the American sickness. His fourth and fifth novels—*Children of Light* and *Outerbridge Reach*—are populated less with seekers and ironists than with

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corrupt, venal, narrow-spirited salesmen, publicists, agents, entertainment dealers, Hollywood and corporate shills. "Unusual times demand unusual hustles" was Rheinhardt's motto in *A Hall of Mirrors*, but the hustles now are thoroughly ordinary and vicious. The vision here, curiously old-fashioned, is of a society without honor or heroism. Stone's tone through the better part of these two novels is humorless and severe and censorious. In *Outerbridge Reach*, Browne, the Vietnam veteran who has settled into a crushingly comfortable life working for a yacht brokerage, deplores the "snotty, weepy, fearful self, the master of most men. The contemporary God"—sounding very like Stone writing in his recent op-ed of "the general erosion of every imaginable standard beyond self-interest."

In his two most recent novels Stone identifies America's true betrayal: we have lost our reach for "more"; our original "secret culture" is finally dead, and we have settled for mean and petty pursuits. There are no more apocalyptic fuck-ups, only the almighty dollar and the great I Am. The junkie carrying Vietnam's pain and the nun waiting for revolution to release her from herself have been replaced by the agent doing lunch, the documentary filmmaker out to screw his subject in every way.

I think it's unquestionable that these last two novels show a falling-off from Stone's first three. They are thinner in characterization and thought; the tension of their plots ebbs over the course of extremely short chapters that prevent the sort of richness in setting and scene and inner life of Stone's other novels. Their main characters sometimes disappear in a crowd of minor types whose names are hard to keep straight. It's useful to compare three key moments where a decision is made that will determine the fate of a novel's hero. The first is Converse's decision in *Dog Soldiers* to smuggle heroin, and it comes at the end of a long meditation about "moral objections" and the memory of helicopter gunships shooting North Vietnamese cargo elephants:

> [A]s for dope, Converse thought, and addicts—if the world is going to contain elephants pursued by flying men, people are just naturally going to want to get high.
>
> So there, Converse thought, that's the way it's done. He had confronted a moral objection and overridden it. He could deal with these matters as well as anyone.
>
> But the vague dissatisfaction remained and it was not loneliness or a moral objection; it was, of course, fear. Fear was extremely important to Converse; morally speaking it was the basis of his life. It was the medium through which he perceived his own soul, the formula through which he could confirm his own existence. I am afraid, Converse reasoned, therefore I am.

Here is Holliwell in *A Flag for Sunrise*:

> He knew shortly that he would go to Tecan. There was every reason for it now. He could not face flying home as he was, to the safety of white winter, terrorized, more crippled than when he had come. He had business down there. On the coast near Puerto Alvarado were things to be seen that it was his business to see, his secret business, the business of his dry spirit. He refused to be frightened away.

And here is Browne in *Outerbridge Reach*:

> Browne stayed seated at the table for a while, trying to ponder the results of Hylan's disappearance. All at once the idea came to him of volunteering to enter the race on his own. If he could not sail the boat Hylan was having made in Finland, he might sail the stock model on the floor in front of him. He was sure it was a good boat. He felt a surge of confidence in his own abilities as a sailor. Immediately he began composing, with a pencil on a sheet of lined yellow paper, a letter to Harry Thorne.

The lack of an edge, of emotional intensity or complexity, in the third passage is striking after its counterparts, and in context it's even more pronounced. It signals an attenuation in Stone's subject and language throughout *Outerbridge Reach* and—a little less so—*Children of Light*.

Yet, like all of Stone's novels, these finish with rocket bursts: Walker and Lee end up naked, high, and crazy in a pig farm during a Mexican rainstorm, before Lee drowns herself in the Pacific; Browne endures days of hallucination in his sailboat near the South Pole before his suicide in the Atlantic. Neither of these phantasmagoric ends seems driven necessarily by the story that leads to it. Browne in particular, a fairly straight-arrow soldier, husband, father, and salesman, can't bear the thematic and psychic weight Stone ballasts him with once he's at sea. But Stone requires destruction and high drama as much as Hemingway required anticlimax. In his first three novels the apocalypse is of a piece with the observed social world—because they come out of the crucible of the sixties. The last two novels are about a different kind of society. Stone's social criticism has changed with the years, but his essential vision hasn't: it couldn't, because his view of American life has never been based on analysis as much as on the uncalculated conviction of any great talent. Recently this has produced a mix of hallucination and spite that lacks the persuasive unity of the earlier novels. To his credit, Stone hasn't kept writing the same book again and again—he is too sensitive to America's condition. But nasty Hollywood games and suburban suffocation don't engage him like his earlier subjects. Stone's imagination is too visionary for the American nineties. □

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Aryeh Neier

WHEN BAD THINGS HAPPEN TO BAD PEOPLE

UNDUE PROCESS: A STORY OF HOW POLITICAL DIFFERENCES ARE TURNED INTO CRIMES, by Elliott Abrams. The Free Press, 1992. 250 pp. $22.95.

There is a wonderful, even breathtaking, passage in Elliott Abrams's book in which he reproduces a letter by his wife Rachel that expresses her fury at the prosecutors who secured the criminal indictment of her husband for improperly withholding information from Congress. Abrams himself never quite manages to achieve a comparably pure distillation of venom, but it is not for want of trying. His account of his ordeal at the hands of the Iran-contra special prosecutor's office wastes no words on any arguments on the other side. This book makes no pretense of balance; it is a victim's screed against his tormentors.

No doubt, Abrams would consider my selection to review his book as a further effort by political enemies to persecute him. Though he and I started out on friendly terms when he was appointed in 1981 to serve as assistant secretary of state for human rights, our relationship soon deteriorated. After a while, we were no longer on speaking terms, and, along the way, matters got to a point where the *Columbia Journalism Review* reported that I was among three or four persons with whom he would refuse even to debate on television talk shows. Our hostility was sufficiently well known so that, when it was reported that he had pled guilty on two misdemeanor counts, I received several congratulatory calls. I even wrote a column in the *Nation* expressing satisfaction over his conviction because it seemed the appropriate denouement to a career in public office in which deceit had been a hallmark.

Despite my bias against Abrams, and despite my dislike of the particular blend of vituperation and self-pity that characterizes Abrams's book, I found its central points persuasive. In retrospect, my celebration of his downfall should have been dampened by consideration of the means by which it took place. The political differences over Central America that were involved in the question of what Abrams did not reveal to Congress about the funding of the contras, either by a "private" network directed by Oliver North or by the Sultan of Brunei at the behest of the U.S. government, should be dealt with through the political process and not by means of the criminal law. The manner in which the special prosecutor zeroed in on him following the reversal of Oliver North's conviction and the special prosecutor's consequent need to have something to show for his effort suggest a political prosecution rather than the fair administration of justice. And there were shortcomings in due process in the manner in which the special prosecutor's office dealt with him after choosing him as a target.

Though Abrams has nothing to say on the subject, a few words are in order in support of punitive measures against officials who mislead Congress. If the policies of the government are to be established as our Constitution and our idea of democracy require through the interaction of the executive branch, the legislature, and public opinion, it is essential that whichever participant in this process knows what is going on should reveal this to the others. The foremost mechanism that has been established to serve this purpose is the congressional hearing. It would be best if officials would recognize their obligation to enable the legislature and the public to participate by coming forward at these hearings and revealing all that is required for intelligent decision making. Much of the time they do not. It is then up to members of Congress to try to elicit crucial information that is being withheld by asking the right questions and by hearing testimony from others who may have their own sources of information. Often, neither of these avail; the questioning may be poor; and some matters are known only to executive branch officials. What happened in the Abrams case, however, is that the right questions were asked and the wrong answers were given. If Abrams had been forthright, there might have been a policy consequence. Congressional and public hostility to the manner in which the Reagan administration was sustaining the contra war could have mounted. Conceivably, there would have been an impact on the crucial votes in Congress on October 17, 1986 to provide $100 million to the contras, just days after the testimony for which Abrams was indicted. That is, the stakes were high; Abrams knew it; and he cheated.

Similarly, though you won't find this in Abrams's book, the institution of the special prosecutor warrants three or four sentences in its defense. It has become an established practice for a president to designate his closest political ally—for example Robert F. Kennedy, John Mitchell, Griffin Bell, or Edwin Meese—to serve as attorney general of the United States. One consequence is that it is impossible to be confident that the Department of Justice will fairly and vigorously prosecute crimes by the administration of which it is a part, especially

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in circumstances when those crimes may have been committed in furtherance of the policies of the president. The Iran-contra affair epitomizes the need for an independent prosecutor insulated from control by the attorney general. The manner in which the office of that prosecutor operates may not be circumscribed by standard Justice Department procedures, as Abrams points out, but it is controlled by the rules of criminal procedure, the adversary system, and the courts.

If Abrams had been willing to consider the arguments on the other side, he might have written a better book. That he did not may be attributed either to his status as a victim or reflect a character trait that was evident throughout his tenure in public office. The fact that he is one-sided, however, doesn't make him wrong, at least in this instance.

There can hardly be a principle of fairness more important in the administration of criminal justice than the prohibition against punishing a person for an action that was not known to be a crime when it was committed. Accordingly, even before the adoption of the Bill of Rights, the U.S. Constitution barred bills of attainder and ex post facto laws. In the Abrams case, of course, there were laws that prohibited lying to Congress or contempt of Congress. Yet what makes his case take on the character of an ex post facto prosecution is that the charges on which he was convicted involved a measure of deception and dissembling that seem no greater than is common in official testimony at congressional hearings or, for that matter, than Abrams himself probably engaged in on other occasions. He argues that "on Central America, hearings were a form of combat. Questions were weapons, and answers were shields." To one who testified at those same hearings, that description rings true. Abrams did not give his deceptive testimony under oath, nor in response to questions that had been submitted in advance, nor under a threat of a citation for contempt if he withheld information. Nothing was done to put him on notice on the two occasions subsequently singled out by the prosecutors that he might be venturing into the territory where the criminal law would be applied. The Boland Amendment, which forbade U.S. funding for efforts to overthrow the Sandinista government in Nicaragua, was not itself a criminal statute. The decision to invoke penal sanctions was based on the revelation that profits from clandestine arms sales to Iran had been diverted to support the contras, but no one suggested that Abrams had anything to do with Iran or knew that this was the provenance of support for the contras.

One of the two counts on which Abrams was convicted involved his testimony on October 10, 1986 about the Sandinistas' capture of Eugene Hasenfus five days earlier after they shot down a contra supply plane in which he had flown into Nicaragua from El Salvador. Between the time that the plane was shot down and the testimony, Abrams's bosses, Secretary of State George Shultz and President Ronald Reagan, had publicly denied that the U.S. government was involved in the Hasenfus flight. Abrams repeated that denial at the hearing as he had done publicly on each day since the capture of Hasenfus. He now acknowledges that he knew at the time that Oliver North was the administration's liaison with the private contra supply network, but argues that he did not know that North was running it; that no one in the administration told him that the public statements he made prior to his congressional testimony about the Hasenfus matter were false or told him after the testimony that he had misled Congress; and that he did not find out that he had issued a statement that was outright false until two weeks later, though he was aware that he had misled Congress by not disclosing what he did know about North's role. Abrams reports that when he did find out how completely he had misstated the facts, he went to Shultz. The notes of the meeting taken by Shultz's aides show Abrams saying that "the CIA is involved in these flights—after I have been out there for two weeks saying absolutely not. . . . Ollie assures me he has talked to White House counsel and is not doing anything illegal." In his book, Abrams writes that "neither the Secretary nor his staff felt that we should rush back to the Hill, or make public statements, withdrawing any past assurances that had been given. We did not really know what the facts were. We were being told the CIA's Inspector General would be investigating. In the meantime we would maintain silence."

The other count involved the question of foreign funding for the contras. In December 1985, the Boland Amendment had itself been amended by Congress to allow the State Department to solicit foreign funding. Saudi Arabia had provided such support, but Abrams says he did not know of this, and, to my knowledge, no evidence has emerged to contradict his claim. On the other hand, Abrams himself was a key participant in soliciting a contribution of $10 million from the Sultan of Brunei. As everyone became aware subsequently, Oliver North's secretary, Fawn Hall, transposed two numbers of the Swiss bank account into which the

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money was to be deposited; therefore, it was credited to the wrong account. On October 14, 1986, Abrams was asked at a congressional hearing: "Do you know if any foreign government is helping to supply the Contras? There is a report in the L.A. paper, for example, that the Saudis are." Abrams answered that the "story about the Saudis to my knowledge is false." He was then asked, "Is it also false with respect to other governments as well?" Abrams answered, "Yes it is also false." Though the funding was legal, Abrams wanted to cover it up.

In his book, Abrams defends his deception by arguing:

> I did not say we had never made a solicitation or received a promise: I said no foreign government was helping the Contras, because we had not yet received a dime from Brunei [i.e., because the money had gone astray]. Whatever the Contras were living on, I was confident, it was not money from Brunei or any other foreign government, and it was therefore accurate to say no government at that time "was helping."

This is vintage Abrams, and it is not pretty. His reputation for slipperiness rests on his regular resort to such reasoning. Yet the question Abrams's book raises is whether his conduct should have resulted in a criminal prosecution. In the absence of reasonable prior notice that officials who engage in such unsworn deceptions face the possibility of criminal charges, it seems unfair. Perhaps officials should get some notice beyond the enactment of vaguely worded legislation that is wholly disregarded in practice. Still, it is unfair to single out this testimony by Abrams, reprehensible as it was, because a scandal erupted subsequently involving matters that went beyond his own duties and knowledge.

Abrams's argument that he was chosen as a target because the special prosecutor needed a recognizable scalp following North's victory on appeal, and at a moment when John Poindexter also seemed likely to escape by that route, is buttressed by the evidence of timing. Abrams was a focus of the special prosecutor's inquiry for a period during which he was interviewed several times and three times questioned before a grand jury. By 1988, however, it appeared that the prosecutors had lost interest in Abrams. Three years later, however, they focused on him again.

As to Abrams's arguments about due process violations, denial of counsel in the grand jury room, press leaks, undue efforts to influence a probation report, attempts to exclude particular defense lawyers, and the pressures of plea bargaining, these are all par for the course in the criminal process. This does not negate the validity of Abrams's complaints, however; it does suggest that, in this respect, he was not singled out for special treatment but was merely a victim of routine unfairness. Moreover, his actual situation was much better than that of most criminal defendants because he could afford the services of highly skilled defense counsel and because, if he had chosen to go to trial, he could have counted on his ideological admirers to contribute to a fund to help defray the enormous expenses.

According to Elliott Abrams, the prosecutors whom he encountered were "a nasty mix of personal ambition, ideology, and animus." As he may know, some would say the same of him. The question of whether Abrams was dealt with fairly should not depend on which side deserves such a description. Though his book is unlikely to change anyone's estimation of him, it should persuade fair-minded readers that the prosecution wronged him. □

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Cynthia Fuchs Epstein

A NEW ATTACK ON FEMINISM

BACKLASH: THE UNDECLARED WAR AGAINST AMERICAN WOMEN, by Susan Faludi. Crown, 1991. 552 pp.

THE MISMEASURE OF WOMAN: WHY WOMEN ARE NOT THE BETTER SEX, THE INFERIOR SEX, OR THE OPPOSITE SEX, by Carol Tavris. Simon and Schuster, 1992. 398 pp. $23.00.

SEGREGATED SISTERHOOD: RACISM AND THE POLITICS OF AMERICAN FEMINISM, by Nancie Caraway. University of Tennessee Press, 1991. 282 pp.

America's ambivalence about the roles of women today was played out most ironically in the past presidential campaign. The Republican National Convention gave the private, family-centered woman Barbara Bush a very public and political role as a highlighted speaker, while the Democrats pressed Hillary Clinton, the assertive attorney and advocate for children's rights, to retreat to the role of supportive wife and mother.

The right's attempt to equate the traditional family with morality and to label alternatives as radical and destructive seized media attention—although voters wisely seemed to worry more about the economy than whether the couple in the White House should be like Ozzie and Harriet. But the many news reports and op ed pieces about whether Hillary Clinton harmed her husband's candidacy and the polls, which consistently registered higher admiration for the white-haired grandmotherly Mrs. Bush than for the blonde Mrs. Clinton, showed that although the public might not let "family values" decide its vote, the mythic view of the traditional division of labor in the home was still popular on Main Street.

The American public's attraction to what William J. Goode has called the "classic family of western nostalgia" is testament to the power of myth. Though Americans have been experiencing structural changes aplenty over the past decade, our mythology refuses to acknowledge them. The traditional cultural models are emphasized not only in folk culture and the popular media; they have considerable support in the academy and in intellectual circles. (Never mind that many have no basis in reality and never did have.) Though the movements of the 1960s and later challenged traditional views of "woman's place" and precipitated wide-ranging legislation, rapid social changes made even many "emancipated" working women uncomfortable about taking advantage of new opportunities and departing from traditional roles.

Abandoning the sixties' women's movement's belief that equality meant a sharing of responsibilities in the home and equal treatment at work, some feminist scholars reaffirmed traditional mandates—the notion, for example, of women's special propensity for "caring" roles. Suddenly the right wing, which had always held that the old way was the best way, found support from "cultural feminists," such as Carol Gilligan, whose book *In a Different Voice* was an unanticipated academic best-seller. Following the work of psychoanalytically oriented theorists in the United States and Europe, Gilligan suggested that girls' earliest experiences created identities with an orientation to morality based on relationships (in contrast to a male orientation toward abstract justice) that accounted for their placement in traditional roles—as mothers, wives, and nurturers in the home, and as nurses, teachers, and social workers in the workplace. Other scholars claimed that the feminist movement had erred in pressing for equal treatment of women in several realms. Lenore Weitzman, for example, wrote in an influential book, *The Divorce Revolution*, that no-fault divorce had taken a severe economic toll on women because its assumption of equality removed the bargaining advantage that their dependent status had conferred. Sylvia Hewlitt (a former Marxist economist) wrote that women had *A Lesser Life* because of their multiple roles and lack of child care, for which she faulted the women's movement. Other scholars maintained that the feminist movement had achieved little in the way of economic progress for women, except for a handful of elite white women. The press, ever vigilant to the dangers flowing from social change, had a field day depicting women's participation in the labor force as a source of strain and pain for women and their families.

Susan Faludi's *Backlash* provides a scorching look at the popular media and the academics responsible for the accounts that denied women's hard-won progress toward equality in the 1970s and 1980s and the accomplishments of the women's movement. Faludi especially indicts those who wrote about women's supposed disaffection in the workplace—articles, for example, about women in high-level jobs who dropped out to return to the home. She cites the academics mentioned above as well as popular writers who gained wide attention with misleading stories about the negative impact of no-fault divorce on women, of day care on children, and of employment on women's health. Faludi notes that the sources for the problems depicted were not

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to be found in women's movement activism but in traditional discriminatory attitudes and institutions. But she also questions the studies that found negative consequences of equality and nontraditional behavior, concluding that they were not supported by additional research and further statistical analysis. Faludi points out, among other things, that not only were women *not* dropping out of the workplace to return to the home, their numbers in the workplace were increasing steadily; that a majority of divorced women reported that they were happier divorced than they had been in their painful marriages and that a year after divorce their economic situation, at first quite poor, had improved substantially; that controlling for quality, children benefited psychologically and intellectually from day care (and many faced a greater probability of abuse in their own homes than in nursery schools); and that women's health was not impaired by demanding jobs. As the *New York Times* reported in October, recent studies by three economists showed that the economic situation of women has steadily improved over the past decades and continues to show a steady upward surge. This kind of article reporting the "good news" is rare, Faludi reports. News about women—even "success stories"—is usually peppered with suggestions that successful women are unhappy and lead lives of stress or are deprived of the pleasures of traditional family life. This message is part of the backlash Faludi points to. Of course, Faludi acknowledges that women do need help in attaining more highly skilled jobs, higher pay, government-supported child care, and freedom from sexual harassment.

Bias in the social sciences, in the medical profession, and in the press is also documented by Carol Tavris in *The Mismeasure of Woman*. Her title is a play on Stephen Jay Gould's *Mismeasure of Man*, which showed that scientists' bias about the intelligence of minorities resulted in findings that supported their prejudices. Tavris examines many social science studies to show how deep-seated cultural prejudices result in preferences for theories that support them and how evidence that questions received knowledge goes unheeded. She examines such issues as the "creation" by the medical establishment and the drug industry of women's physical ailments such as premenstrual syndrome (PMS), the view that women contribute to their own victimization because of psychological problems such as codependency, and the propagation of particular views of women's sexuality (for example, the books and articles devoted to the existence and location of the "G-Spot"). Perhaps most important, Tavris questions the conventional male/female polarization of personality characteristics supported by the work of academic cultural feminists. As I have found in an overview of research studying sex differences in cognition and personality, most beliefs about male/female differences are typically "deceptive distinctions." The focus of Tavris's book can be found in its telling subtitle, "Why women are not the better sex, the inferior sex, or the opposite sex."

Nancie Caraway's *Segregated Sisterhood* is a little known book, but is of interest as an example of a strand of "politically correct" feminist writing. Like the authors Faludi refers to in *Backlash*, Caraway attacks feminists—white feminists—in this case for their middle-class biases and implicit racism. Caraway sees only good among black feminists' work, calling it transformative. A white feminist who decries elitism, Caraway writes in an obscure jargon guaranteed to be limited to a select few. For example, referring to the contribution of black feminists, she comments:

> [Black feminist] reconstructions take on the immediacy of lives lived beyond discourse; we see not only the "invention" of the signifying systems of Western phallocratic and white feminist theory, but the resulting material consequences to the Black women who have been literally and symbolically "subject/ed" by its codes.
>
> The work of Black feminist theorist Patricia Collins represents such an embodied project of reconstructed or reinvented otherness and alterity.

Her book is certainly useful in bringing to attention the contributions of black feminists. But its bashing of white feminists, many of whom have identified the social processes that oppress all women, is not useful or enlightening. Her bibliography indicates a limited acquaintance with the work of feminist social scientists other than those of the postmodernist network.

The work of Faludi, a Pulitzer Prize-winning journalist, and Tavris, a Ph.D. in psychology who is also a popular writer and former editor of *Psychology Today*, indicates it is time to apply common sense—educated, cynical common sense—to the cultural myths about men and women perpetuated in part by the media and by segments of the academic community. The problems they raise are of crucial importance. The questions of women's equality, the problems of the family and care of children should not be subject to posturing or faddish dabbling in new terminologies. These issues must be examined with steely-eyed caution and insistence on evidence. □

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In Memoriam

Willy Brandt
1913–1992

Willy Brandt grew up in the northern German city of Luebeck, immortalized in his fellow townsman Thomas Mann's *Buddenbrooks*. Brandt's Luebeck was much different, the Luebeck of the turbulence of the Weimar Republic and the coming of Nazism, of the old German working-class movement. Brandt experienced the movement's divisions and sectarianism, its inability to recognize the threat of Nazism until it was too late—and, equally, its moral and pedagogic force.

In 1933, he chose exile in Norway, worked in the small Socialist Workers party (which sought vainly to mediate between the Communists and Social Democrats), and visited Germany on underground missions. He visited Catalonia during the Spanish Civil War and witnessed the depredations of Stalinism. After the German occupation of Norway, he fled to Sweden and there made new connections to the Social Democrats—and the 1944 plotters against Hitler. In Germany again as a Norwegian official, he reassumed German citizenship in 1948.

By 1957 he was mayor of West Berlin. He was also protagonist of the alliance with the United States and NATO (North Atlantic Treaty Organization)—and (much influenced by Scandinavian social democracy) of an economic and social policy rather different than his party's legacy of class conflict. His Social Democratic party was the party of the old industrial and new white-collar working class, of the liberal intelligentsia, of integration of Germany into Western Europe. Chairman of the party from 1964, he was its chancellor candidate in 1961 and 1965. In 1966 he led the party into the "Grand Coalition" with the Christian Democratic Union and was foreign minister until 1969. A narrow electoral victory in that year enabled him to form a coalition with the liberal Free Democrats. "Now Hitler has really lost the war," he said—and as chancellor he presided over large reforms in society and the extension of the welfare state. He fashioned a policy of détente and reconciliation with the USSR and the Central and East European states. He also initiated the opening and stabilization of relationships between the two Germanies.

He was forced out of office in 1974 by an espionage scandal, all the details of which are still not clear. He remained chairman of the party until 1987 and was president of the Socialist International from 1976 until 1992. Leaving the chancellorship actually freed him for the role of patriarch of the democratic left around the world: Felipe Gonzales and Michael Harrington were among those he encouraged. In 1980, the report of the North-South Commission he chaired set the (unachieved) agenda for more global justice. He lived to see what he had not expected in his lifetime—the unification of Germany—and was convinced, rightly, that the processes of change through rapprochement he had pursued had prepared the way for the end of Soviet rule in Eastern Europe.

The outer stations of the life of Willy Brandt were extraordinary enough—from his working-class beginnings to the Nobel Peace Prize (1971) and recognition as a world statesman. He combined politics with an appreciation of human variety at once amused, generous, and skeptical. *Links Und Frei* (*Left And Free*) was the title of one of his books. The self-characterization was apt. He was on the left, in the tradition of the Enlightenment and two centuries of struggle for democracy and social justice. He was free because his life was governed by a large project. He moved with inner sovereignty across all borders, his very own person. He had a tolerance for human weakness, a ready sympathy, a sense of the limits and joys of existence. He appreciated life's pleasures: he was no ascetic. On his last visit to Washington, I breakfasted with him at the Willard Hotel and remarked that it was an elegant place. Brandt's smiling response: "I stayed in worse when running from the Gestapo."

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Brandt was a German, a European, a citizen of the world. He spoke good English and French, knew Spanish, too, and of course was fluent in Norwegian. He saw no contradiction between his German patriotism and his internationalism. For him, rootedness was the precondition of connectedness. Repeatedly and shamefully defamed in postwar Germany for his anti-Nazism, he exhibited considerable understanding of the complicity of ordinary Germans with Nazism in the years 1933 to 1945. Like President Richaerd von Weizsäcker, whose own familial and social origins were vastly different, he held that the Germans had collective responsibility for their past but not collective guilt.

He was delighted with the critical attitude of the sixties generation. Brandt encouraged it and sponsored many who are now the party's leaders. At the Social Democratic Party Congress of 1979 in Berlin, he was good enough to ask me about one of my daughters, then a student in Berlin. "She is outside, demonstrating against the SPD for a purer left." "Sounds like my own son," he commented. Brandt contributed to the development of an urbane public culture in postwar Germany. He moved from the world of socialist self-education of the twenties to the epoch of rock, from Thomas Mann to his friend Günter Grass. Few politicians can have met on such equal terms with the artists, writers, scholars, and thinkers he continually saw.

He insisted that Germany had to face facts, among them that the eastern provinces were lost as a result of Germany's war. The future, he said, lay with integration in the European Community and the assumption of responsibility for economic development, human rights, and peaceful conflict resolution everywhere. His project of rapprochement with the USSR, Czechoslovakia, and Poland, and for tolerable relations with communist Germany, had its sources in his experiences as mayor of West Berlin. It was there that he developed its major components. For this project he was reviled by the ex-Nazis, often parading in postwar West Germany as devoted defenders of the "Christian West." He was often regaded with suspicion in the West, not least in Reagan's Washington. His persistence and serenity in the midst of these trials were striking. He had no illusions about Stalinism and its successors, he said, but in a nuclear epoch the only thinkable conflict was the conflict of ideas. The peace movement of the eighties evoked from him the observation that he could think of worse things in German history than demonstrations against armaments. He was surprised by the rapidity of the transformation of the Soviet system and by the decomposition of the entire Soviet bloc. He was not surprised that many of the actors and agents of transformation appeared within the system itself. His own role in that transformation was very great, since his policies created many of its preconditions by letting light through blackened ideological windows. The respect accorded him by the cultural elites, dissidents, and publics in the former communist societies suggests that they were hardly as discountenanced by his policy as some of their (shrill and self-appointed) Western spokesmen.

Brandt recognized that the Western welfare states were products not only of the struggles of the unions and the socialist movements but also of liberal ideas of citizenship and the social ethics of Catholicism and Protestantism. (It was under Brandt that a large number of liberal Protestants, many of them lay officials or pastors, joined the Social Democrats.) The Germany of which he became chancellor was a prosperous and educated nation far different from the raw industrial colossus in which he was initially formed. In a speech that caused astonishment at the time, he told the nation that it ought to try to obtain blue skies over the Ruhr—and so anticipated the subsequent environmental movement. He thought that Western socialism could be true to itself only by attacking the problems of global exploitation, famine, and poverty. Not only did he call for newer models of socialism, he did as much as anyone to develop them.

Brandt was an admirer of the openess and vitality of American culture and society. He felt at home among us. He actually influenced John Kennedy and the Kennedyites, not only in his familiar anticommunist role as mayor of West Berlin but by his ideas on détente, echoed in Kennedy's American University speech of June 1963.

Brandt was mortal, and mortals err. No doubt, there are things he could have done differently, like the decree on radicals in the German civil service. He supported Chancellor Kohl fully on unification, considering that the historical chance had to be taken lest it not recur. He may have been too sanguine about its economic and social costs. We are, in fact, witnessing a great test of his political legacy. Brandt's political grandchildren (a term much used in Germany to describe the present leadership of the Social Democrats) face widespread xenophobia and the violence of the right. None can claim to incarnate in person Brandt's combination of realism, a sense of the possible, with hope and vision. The image of Brandt, as chancellor, kneeling at the Warsaw Ghetto Monument did form the generation now facing its greatest test. Brandt knew that democratic politics, in the last analysis, was a form of education: let us see how well the Germans honor their great preceptor.

NORMAN BIRNBAUM □

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Poverty

Editors:

Michael Katz published a review of my book *The New Politics of Poverty* in your Fall 1992 issue. The review is very hostile, yet I felt honored by it. Katz is an important historian of welfare who has taught me a lot about the politics of poverty. Unlike some other reviewers, he sees that my book is an attack on the progressive tradition in politics, not just a brief for "workfare." I believe nonworking poverty makes inconceivable the left's traditional pursuit of economic equality. Katz sees the threat that poses to his own, radical analysis of the social problem. Simply on intellectual grounds, this is the best review I've received.

He is not, however, fair. He makes a number of detailed criticisms of my argument and evidence. With one partial exception, they are all false or exaggerated. Space limitations preclude a detailed response; the following are the most important points:

Katz says that I associate poverty with blacks. Actually, I say that long-term poverty stems mostly from a depressed subculture involving all races—some whites and Asians, and many Hispanics and American Indians, as well as blacks. While blacks are a majority of the long-term poor, I reject the notion that poverty is inherently tied to race. Instead, I link it to ethnicity.

Katz says that I totally dismiss barriers to opportunity for the poor. Actually, I say that the evidence for them is too weak to explain the extent of nonwork among the poor. More subtly, I say that judgments of barriers have become *relative* to judgments about the competence of the poor. Those who see barriers are those who don't believe poor adults can cope on their own, while those who don't see barriers think that they can. Conservatives, not liberals, are the optimists about what poor individuals could achieve.

Katz claims that I call nonwork among the poor "voluntary" and say that they don't want to work. Actually, I say that whether nonwork is voluntary has become the great issue in politics. It's conventional conservatives who talk as Katz alleges, because they think poor adults are capable enough to be held morally responsible for their behavior. Liberals doubt competence, so they say nonwork is imposed on the poor by an unjust society. My own view is moderate: the poor need help, but government must hold them responsible for functioning in minimal ways, such as work. Today's poor need, and respond to, such expectations.

No one should imagine that my argument justifies conventional, anti-government conservatism. An incompetent poor puts in question the traditional goals of both left and right. People who do not work cannot qualify for redistribution, but neither could they survive in a *laissez-faire* society. Rather, dysfunctional poverty is driving social policy toward a paternalistic regime for the poor. This is a tragic development for left and right alike.

LAWRENCE M. MEAD
New York, N.Y. □

Palestinians

Editors:

In rejoining to my "Nationalism, Tribalism and the State," Michael Walzer takes exception to my rendition of a statement by Golda Meir. I wrote that

> when the dominant group seeks to portray the identity of the state as isomorphic with its own, the very existence of "the wrong kind of people" is apt to become a scandal and a threat. . . . From these sentiments, it is a short, cynical step to denying even the legitimate existence of the wrong kinds of people within the state—and we have statements like Golda Meir's declaration in 1969 on the Palestinians: "They do not exist."

Walzer's comment was,

> [Rule's] quote from Golda Meir is inaccurate—a sad and entirely avoidable mistake: her argument had to do with the identity, not the existence, of the Palestinians. . . .

By this, I think he means not just that I was wrong about Meir's words, but also that I should have known better.

The source for my quotation was Thomas L. Friedman's *From Beirut to Jerusalem*. Friedman gives the source of Meir's words only as a 1969 interview in London's *Sunday Times*. After some difficulty, I obtained a copy of the full interview, which ran on June 15 of that year.

At one stage, the interviewer asks Meir, then prime minister, whether Israel admits "a measure of responsibility" for the "plight of the Palestinians"; she replies:

> "No, no responsibility whatsoever. . . . After all, there are millions and millions of refugees in the world and I have not yet heard anybody that said the three million Sudeten Germans should go back to Czechoslovakia—nobody. I do not know why the Arab refugees are a particular problem in the world."

Asked whether the emergence of Palestinian fighting forces represented an important development, she replies:

"Important, no. A new factor, yes. There was no such

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thing as Palestinians. When was there an independent Palestinian people with a Palestinian State? It was either southern Syria before the first world war, and then it was a Palestine including Jordan. It was not as though there was a Palestinian people in Palestine considering itself as a Palestinian people and we came and threw them out and took their country away from them. They did not exist.

I leave it to others to uphold these words, if they will. To me, they epitomize the characteristic evils that ensue from efforts of "tribes" at domination over those unfortunate enough to be the wrong kind of people for inclusion in the tribal state. As far as Meir was concerned, the Palestinians clearly had, indeed, no legitimate existence within the Jewish state.

JAMES B. RULE
Princeton, N.J.

Michael Walzer Replies:

In his first response to my "Tribalism" essay, Jim Rule questioned the reality or, at least, the priority of national identity. "Who can say," he asked, "that being Irish is, or should be, inherently a more basic identification than being gay, or Protestant, or socialist, or disabled?" The question is rhetorical; Jim means to deny that such a thing can rightly be said. All that Golda Meir does in the interview from which he quotes is to make a similar denial with reference to the history of the Palestinians. There was no "Palestinian people . . . *considering itself as a Palestinian people*" in the 1920s, 1930s, or 1940s (my italics). She probably thought that being Arab or Moslem was "a more basic identification"—which was, of course, the dominant view among Arab intellectuals and politicians at that time. But she never doubted the "legitimate existence" of these people, whatever their identity. The rest of the interview makes this clear.

Jim stops with the famous line "They did not exist," which is always quoted, as he quoted it the first time around, as "They do not exist." Maybe, Meir had some sense that Palestinian identity was (by 1969) becoming more salient. Anyway, she goes on past the point where Jim says, "Gotcha!" to ask whether Israel should be negotiating with Palestinians or Jordanians. She favors the Jordanians, argues against Palestinian statehood, insists that the Palestinians will have to be citizens of Jordan or of Israel (she had already, before the famous line, indicated her own readiness for territorial compromise). That is not my own view, so I won't accept Jim's invitation to uphold it. But it is not an evil view. Read the whole interview and it is clear that Golda Meir is defending the safety of her own people, not seeking domination over any other. And yes, Jim Rule should know better than to make accusations of that sort. □

Praise

Editors:

Yours is a voice of hope, sanity and democratic ideals. I am happy to be able to support you.

GERALD MON PERE
Fresno, Calif. □

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